

All Banking solutions
Hassle Free Experience

23rd Annual Report

2015-2016 (2072-2073)

Partner for Better Tomorrow

The First Ever Bank in Nepal Rated "AA" By "ICRA" Nepal



नेपाल एसबिआई बैंक लिमिटेड
NEPAL SBI BANK LTD.

With us, You are always a Winner.



GLIMPSE OF 22nd ANNUAL GENERAL MEETING OF SHAREHOLDERS
HELD ON 24th Magh 2072 AT KATHMANDU

THE BOARD OF DIRECTORS



Mr. Krishna Prasad Acharya

Chairman
Representing Employees
Provident Fund



Mr. Siddhartha Sengupta

Director
Representing State Bank of India



Mr. Sujit Kumar Varma

Director
Representing State Bank of India



Mr. Prabodh Parikh

Director
Representing State Bank of India



Mr. Niranjana Kumar Tibrewala

Director
Representing Public Shareholders



Mr. Sanjay Kumar Sureka

Director
Representing Public Shareholders



Mr. Keshav Raj Acharya

Director
Professional Expert Director



Mr. Anukool Bhatnagar

Managing Director & CEO
Representing State Bank of India

Statutory Auditor
P.L. Shrestha & Co., Chartered Accountants

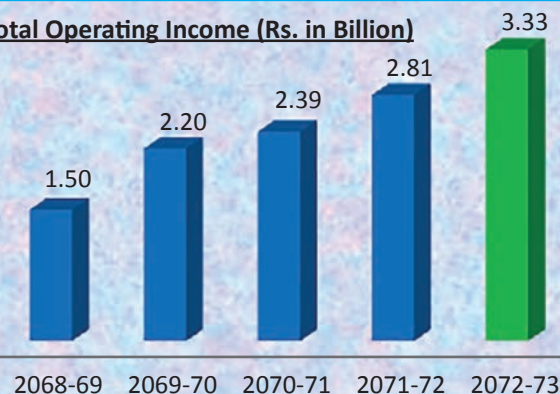
Company Secretary
Mr. Ramesh Ghimire

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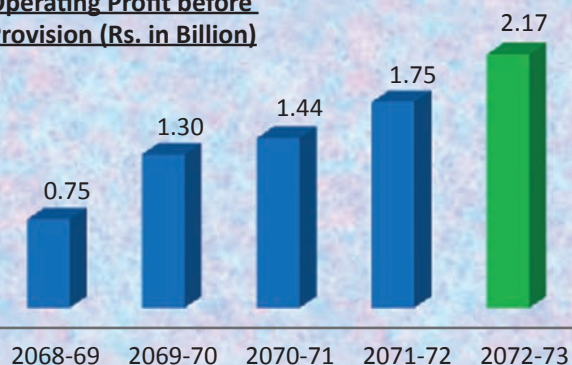
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FINANCIAL HIGHLIGHTS

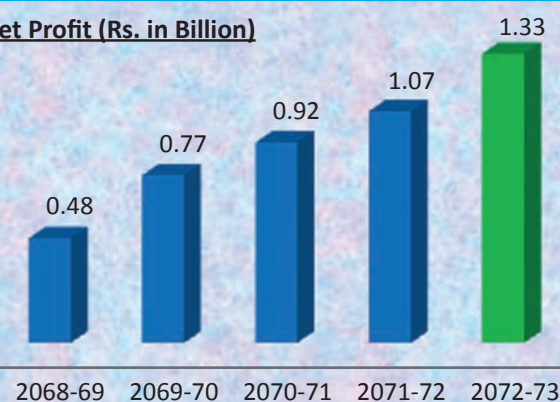
Total Operating Income (Rs. in Billion)



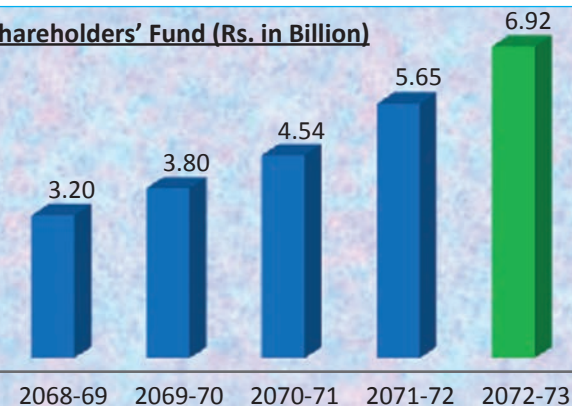
Operating Profit before Provision (Rs. in Billion)



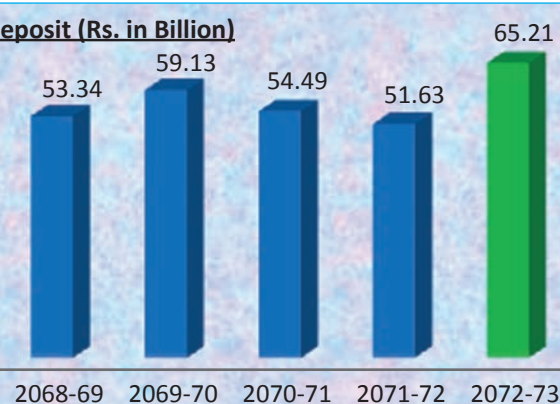
Net Profit (Rs. in Billion)



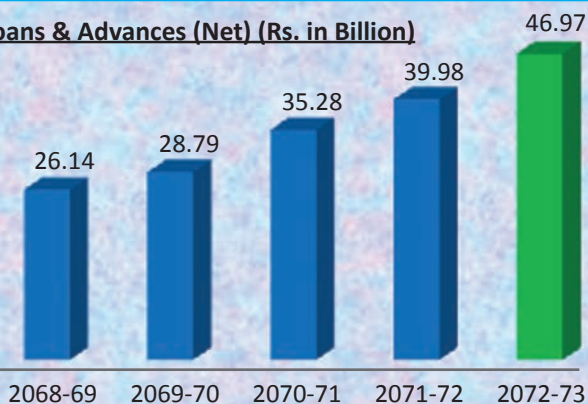
Shareholders' Fund (Rs. in Billion)



Deposit (Rs. in Billion)

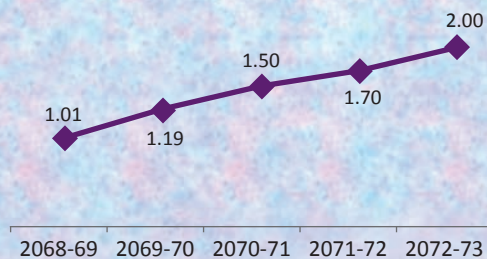


Loans & Advances (Net) (Rs. in Billion)

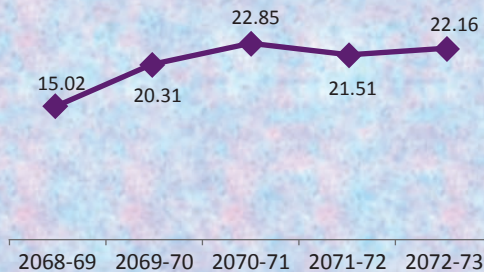


FINANCIAL HIGHLIGHTS

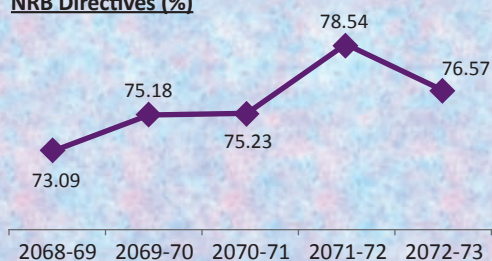
Return on Average Assets (%)



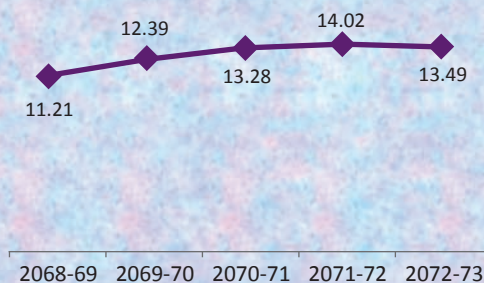
Return on Equity (%)



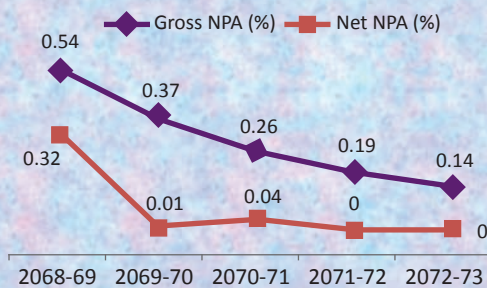
Credit to Deposit Ratio as per NRB Directives (%)



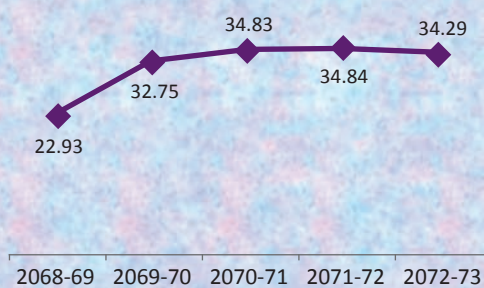
Capital Adequacy Ratio (%)



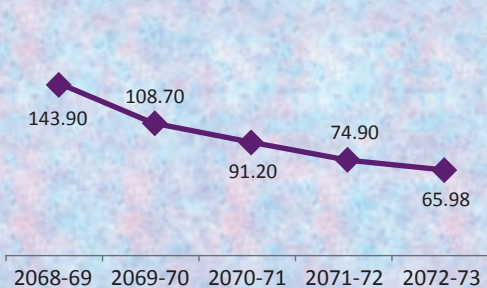
Gross NPA (%) & Net NPA (%)



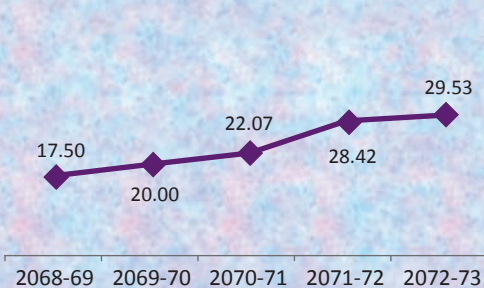
Earning Per Share (Rs.)



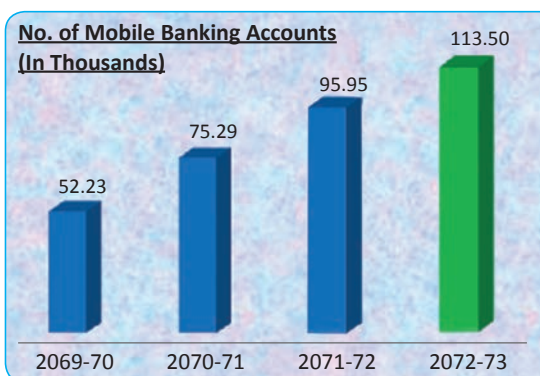
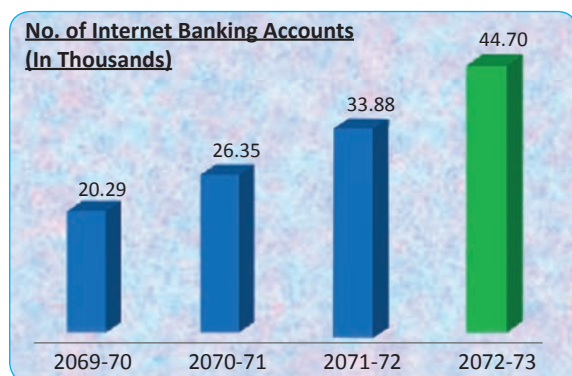
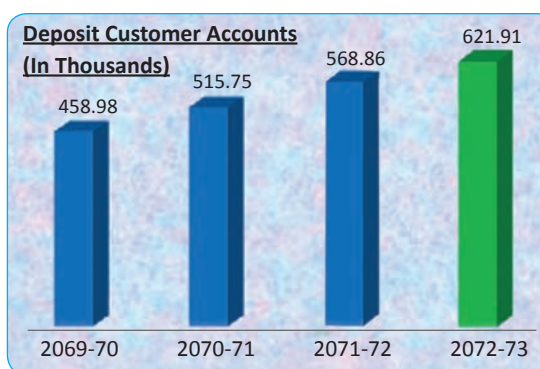
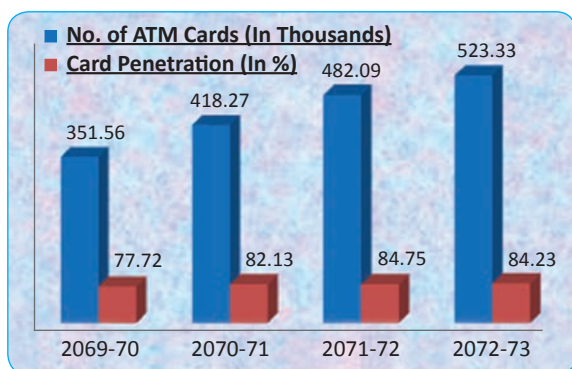
Gross NPA Amount (Rs. In Million)



Dividend (Including Bonus) Per Share (%)



TECHNOLOGY AND OTHER PRODUCTS





ABOUT NEPAL SBI BANK LIMITED

Nepal SBI Bank Ltd (NSBL), established in July 1993 is a Subsidiary of State Bank of India (SBI). SBI holds 55% of ownership and Nepal Employee Provident Fund holds 15%. The balance 30% shares are held with the general public. NSBL, one of the largest overseas subsidiaries of SBI, is providing banking services in Nepal from its 73 offices including 62 Branches, 7 Extension Counters and 3 regional offices. Our branches and network of 93 ATMs including 2 Mobile ATMs, covers about 50% of the country's geography'. Over the last many years the Bank has been doing well and has emerged as one of the strongest and leading "A" Class commercial Banks in Nepal. The Bank is providing value added services to customers of all segments both in the world class digital and mechanized banking environment as well as in

traditional way. Our IT infrastructure is at par with the best in the world and our Corporate Governance Standards are of the highest levels. Now, in its 23rd year in operation, Nepal SBI Bank has grown to a balance sheet size of an excess of USD 731.74 Million.

NSBL offers a wide range of banking services in Nepal which includes, Deposits, Loans and Advances, Trade Finance, Treasury Services, Remittance, E- Banking, Indian Railway Ticket Booking, Mobile Banking, ATM Services, Cash Deposit Machine (CDM), NSBL Payment Gateway for easy processing of trade / non trade remittance to and from India etc. Apart from above, our special remittance product SBI Nepal Express Remit is quite popular for sending remittance from India to Nepal.

VISION, MISSION, ASPIRATION AND COMMITMENT

To be a state of the art, customer centric, values driven and professionally managed bank; committed to high standards of good corporate governance practices; perpetual enhancement of the wealth of all stakeholders and society.

Over the years, we have grown larger and stronger - in terms of business, geography and resources. This has been achieved by relying on the fundamentals of customer service of top order. Our achievements have come through quality, consistency and transparency of capital base, sound liquidity, a robust risk management framework coupled with the practice of good corporate governance and above all, the tireless focus on customer satisfaction.

The Bank's mission is to provide one spot solution to all the banking needs for

the customer through a highly motivated professional and efficient human resource pool. Promoting sustainable business growth by providing High quality customer service, customer care and ensuring efficient use of Information Technology in a cost efficient manner. Meeting the expectations of all stakeholders through transparent, true and fair disclosures and responsive management, practices/principles. Strive to fulfill corporate social responsibility in Nepal with emphasis to growth in business.

OUR ASPIRATION

To be the most trusted and preferred banking utility/financial service provider in Nepal.

OUR COMMITMENT

First in Customer Satisfaction.

REPORT OF THE BOARD OF DIRECTORS

Dear Shareholders,

The Board of Directors of Nepal SBI Bank Ltd. have great pleasure in presenting before you this Annual Report together with the audited Balance Sheet, Profit & Loss Account, Cash Flow Statements and highlights of other activities of your Bank during the Fiscal Year 2072-73 that ended on 31st Ashad 2073 (15.07.2016).

REVIEW OF THE FY 2072-73

Nepal SBI Bank has completed its glorious 23 years of serving the nation, since the commencement of operations in July 1993. Over the period, the bank has established its presence in 32 districts of Nepal. Nepal SBI Bank strives to achieve the highest standards in customer service by providing various attractive and convenient products.

Nepal's economy was severely affected due to the aftermath of devastating earthquake of last year, coupled with the ill effects of strikes, bandh, dharnas and demonstrations during the major part of the year (From Sept 15 to December 2015), immediately after the promulgation of the New constitution 2072 of Nepal.

Your Bank has achieved satisfactory growth in profits during FY 2072-73 (2015-16). The review period also witnessed impressive growth in various segments of business with improvement in major efficiency parameters. Nepal SBI Bank Ltd is the first ever bank to be rated as "AA" by ICRA Nepal.

ECONOMIC ENVIRONMENT

World Economic Outlook

The year 2015 was another difficult year for the global economy, with economic growth easing to 3.1% as per IMF estimates. While the growth in advanced economies increased moderately,

the emerging Market and Developing economies' growth decelerated amidst subdued growth performance in the bigger economies of Brazil, Russia and persistent slowdown in china. Low oil, commodity prices and tighter financial conditions kept the risks elevated.

The global recovery has weakened further amid increasing financial turbulence. Activity softened towards the end of 2015 in advanced economies, and stresses in several large emerging market economies showed no signs of abating, adding to these headwinds are concerns about the global impact of the unwinding of prior excesses in China's economy as it transitions to a more balanced growth path after a decade of strong credit and investment growth, along with signs of distress in other large emerging markets, including from falling commodity prices. With heightened risk aversion and increasing concerns about the lack of policy space, the valuation of risky assets as well as oil prices dropped sharply in early 2016. However, market sentiment began to improve in mid-February and by the end of March market valuations had recovered most of or all the ground lost earlier in the year. While growth in emerging market and developing economies still accounts for the lion's share of projected world growth in 2016, prospects across countries remain uneven and generally weaker than over the past two decades. In particular, a number of large emerging markets—including Brazil and

Russia—are still mired in deep recessions. Others, including several oil-exporting countries, also face a difficult macroeconomic environment with sharply weaker terms of trade and tighter external financial conditions. Growth in China and India has been broadly in line with projections, but trade growth has slowed down noticeably.

International Monetary Fund (IMF) projects the world economy to grow by 3.2 percent in 2016 and 3.5 percent in 2017. Advanced economies are projected to expand by 1.9 percent in 2016. Emerging and developing economies are projected to grow by 4.1 percent in 2016 and 4.6 percent in 2017. The projected growth of India and China for 2016 is 7.5 percent and 6.5 percent respectively. Inflation in emerging and developing economies is projected to remain at 4.5 percent in 2016. This is because of the lower price of commodities including petroleum products and metal. Inflation in India and China is projected to remain at 5.3 percent and 1.8 percent respectively in 2016.

Central banks in developed countries adopted the unconventional monetary policy (UMP) stance in the aftermath of the global financial crises of 2008. However, US Federal Reserve has started to normalize its stance. The Federal Reserve, which kept interest rate at a lower bound, increased target range for Fed Fund rate by 0.25 percentage points in December 2015 after the improvement in job market. This has resulted in a depreciation of the Nepalese currency against the US dollar.

Central banks in Japan and Switzerland have adopted negative interest rate policy and the European Central Bank has continued its policy of keeping interest rate at lower bound. In recent years, India and China have also moved towards the dovish stance of monetary policy.

ECONOMIC ENVIRONMENT IN NEPAL

According to the preliminary estimates of the Central Bureau of Statistics (CBS), the real GDP at basic price is expected to grow only by 0.8 percent in 2015/16 compared to a growth of 2.3 percent in the previous year. Similarly, the real GDP at producers' price is expected to grow 0.6 percent compared to a growth of 2.7 percent in the previous year. Delay in monsoon, and the negative impact of the April 25 earthquake and subsequent aftershocks, prolonged strikes and obstructions in southern border points adversely affected the economy resulting in a lower growth in the review year. In the review year, the agriculture sector is expected to grow 1.3 percent whereas the non-agriculture sector is expected to expand 0.6 percent. These sectors had grown 0.8 percent and 3.1 percent respectively in the previous year.

In the review year, maize production showed a moderate growth, whereas other cereal crops such as paddy and wheat production witnessed a decline. The prolonged strike in the major cereal producing regions and disturbances in the supply of agricultural inputs such as chemical fertilizers and seeds because of the obstructions at border points were responsible for the decline in production of major cereal products. In the review year, among the principal cereal crops, the paddy, wheat and millet have been estimated to plunge 10.2 percent, 5.0 percent and 2.0 percent respectively.

In 2015/16, the gross national disposable income (GNDI) is estimated to grow 8.1 percent compared to a growth of 9.0 percent in the previous year. Similarly, the ratio of total consumption to GDP remains at 94.7 percent compared to 91.2 percent in the previous year. Likewise, the ratio of gross domestic savings to GDP is 5.3 percent in the review year compared to 8.8 percent in the previous year. In the review year, the ratio of gross investment to GDP remains at 34.0 percent compared to 38.8

percent in the previous year. Similarly, the ratio of gross national savings to GDP is at 42.9 percent compared to 43.9 percent in the previous year.

The annual average consumer price inflation increased 9.9 percent in 2015/16 compared to 7.2 percent in the previous year. This is mainly due to Dharnas and Bandhas in Terai region, obstructions at border points and supply disturbances for 4-5 months during the year. The Y-O-Y consumer price inflation stood at 10.4 percent in mid-July 2016 compared to that of 7.6 percent a year ago.

In terms of ecological regions, the Kathmandu Valley witnessed a relatively higher annual average inflation at 11.6 percent followed by Hilly region at 10.4 percent, Mountain region at 8.8 percent and Terai region at 8.6 percent in the review year. The inflation was 7.2 percent in Kathmandu Valley, 7.3 percent in Hilly region and 7.1 percent in Terai region in the previous year.

The gross foreign exchange reserves stood at Rs. 1039.21 billion in mid-July 2016, an increase of 26.1 percent from Rs. 824.06 billion a year ago. Of the total foreign exchange, reserves held by NRB increased 26.2 percent to Rs. 887.01 billion and reserves of banks and financial institutions increased 25.8 percent to Rs. 152.20 billion. The share of Indian currency in total reserves stood at 21.4 percent in mid-July 2016. Based on the imports of current fiscal year, the foreign exchange holdings of the banking sector is

sufficient to cover the prospective merchandise imports of 16.5 months, and merchandise and services imports of 14.1 months. The ratio of reserve-to-GDP, reserve-to-imports and reserve to-broad money increased to 46.2 percent, 117.4 percent and 46.3 percent respectively in mid- July 2016. These ratios were 38.9 percent, 93.3 percent and 43.9 percent respectively a year ago.

The current account registered a surplus of Rs. 140.42 billion in the review year due to the increase in net surplus in current transfer. The surplus in current account was Rs. 108.32 billion in the previous year. Similarly, the overall BOP recorded a significant level of surplus of Rs. 191.24 billion in the review year on account of the increase in current account surplus and capital inflows. The surplus in balance of payments was Rs. 145.04 billion in the previous year. In the review year, Nepal received capital transfer of Rs. 16.99 billion and Foreign Direct Investment (FDI) inflow of Rs. 5.92 billion. In the previous year, capital transfer and FDI inflow were Rs. 14.81 billion and Rs. 4.38 billion respectively.

THE BANKING INDUSTRY

Banking industry remained in consolidation phase with an objective to make strong financial institution and continued to be on the path of merger and acquisition. Till mid July 2016, the total no of BFIs licensed by NRB dropped to 179 from 193 a year ago. The total no of commercial bank stood

The number of Banks and Financial Institutions as on Mid July 2015 and 2016 were as follows.

Bank and Financial Institutions	Number of BFIs		Branches of BFIs	
	2015 (Mid-July)	2016 (Mid-July)	2015 (Mid-July)	2016 (Mid-July)
Commercial Banks	30	28	1672	1869
Development Banks	76	67	808	852
Finance Companies	48	42	242	175
Microfinance Development Banks	39	42	1116	1376
Total	193	179	3838	4272



at stood at 28, no of Development Banks, Finance Companies, and Micro Finance Development Bank stood at 67, 42 and 42 respectively. In a view to widen the access of financial services, number of branches of BFIs increased to 4,272 till mid-July 2016 as compared to 3838 as on mid July 2015.

The number of BFIs opting for merger has been increasing after the introduction of merger policy for strengthening the financial stability. After the issuance of the “Bank and Financial Institutions Merger By-law, 2011”, 108 BFIs have merged with each other resulting in the formation of 43 BFIs as of mid-July 2016. Likewise, 4 finance companies were acquired by two commercial banks and one development bank acquired by another development bank. As on mid-july 2016 eleven institution including 2 developments bank and 9 finance companies were under resolution process. Total deposit and loan of such institution stood at Rs 3.04 billion and Rs 6.42 billion respectively.

Deposits at banks and financial institutions (BFIs) increased by 19.00 Percent (Rs 3361.68 billion) in the review year compared to an increase of 19.4 percent (Rs 2883.55 billion) in the previous year. Deposits at commercial banks and development banks increased 20.7 percent and 16.5 percent respectively, while that of finance companies decreased 12 percent in the review year. In the previous year, the deposits at commercial banks and development banks had increased 21.4 percent and 15.2 percent respectively, while that of finance companies had decreased 0.6 percent. The merger and acquisition drive in the review year resulted in a contraction in finance companies’ deposit.

Credit to the private sector from BFIs increased 23.7 percent in the review year compared to a growth of 19.8 percent in the previous year. The momentum that economic activities gained in the fourth quarter of 2015/16 attributed to

private sector credit off take. In the review year, private sector credit from commercial banks and development banks increased 26.5 percent and 20.3 percent respectively, while that of finance companies decreased 12.5percent. Of the BFIs’ credit exposure to private sector, credit to the transport, communication and public services sector increased 39.8 percent in the review year compared to 27 percent in the previous year. Likewise, credit to the wholesale and retail trade sector, and finance, insurance and fixed assets sector increased 25.8 percent and 25.9 percent respectively in the review year compared to an increase of 21.8 percent and 18.3 percent respectively in the previous year.

In 2015/16, the NRB mopped up Rs 591.63 billion liquidity, on a turnover basis, through various instruments. Liquidity absorption consisted of Rs. 297.50 billion through deposit collection auctions, Rs. 235.95 billion through reverse repo auction, Rs. 49.08 billion through NRB Bonds and Rs. 9.10 billion through outright sale auction on a cumulative basis. In the previous year, Rs. 155 billion was mopped up through deposit collection auction, Rs. 315.80 billion through reverse repo auction and Rs. 6 billion through outright sale auction. In the review year, interest expenses incurred in mopping up liquidity reached Rs. 718.2 million. Such cost was Rs. 190.6 million in the previous year In the review year, the NRB injected net liquidity of Rs. 471.35 billion through the net purchase of USD 4.45 billion from foreign exchange market (commercial banks). Net liquidity of Rs. 396.72 billion was injected through the net purchase of USD 4.03 billion in the previous year. The NRB purchased Indian currency (INR) equivalent to Rs. 385.47 billion through the sale of USD 3.4 billion and Euro 0.21 billion in the review year. INR equivalent to Rs. 348.09 billion was purchased through the sale of USD 3.5 billion in the previous year.

RECENT DEVELOPMENTS IMPACTING BANKING BUSINESS

The NRB has been monitoring the provision of maintaining 5 percent spread rate on an average in loan and deposit for “A” Class, “B” Class and “C” Class BFIs. In line with this, the interest rate spread of the commercial banks was 4.79 percent in mid-June 2016. Under the provision of publishing the base rate for making lending rate more transparent and competitive, a continuous monitoring of such rate has been conducted. The average base rate of commercial banks stood at 7.69 percent in mid-June 2015, which was 8.36 percent in mid-July 2014.

Nepal Rastra Bank through its 13th monetary policy of 2072-73 has increased the minimum paid-up capital requirement of BFIs. Commercial banks are now required to increase their minimum paid-up capital to Rs 8 billion, national level Development banks to Rs 2.5 billion, Development banks operating in 4 to 10 districts to Rs 1.20 billion, Development banks operating in 1 to 3 districts to Rs 0.50 billion. Similarly, national level finance companies and finance companies operating in 4 to 10 districts will require Rs 0.80 billion paid-up capital and those operating in 1 to 3 districts Rs 0.40 billion paid-up capital. BFIs are required to meet this provision by Mid- July 2017.

MONETARY POLICY 2016-17 (2073/74) AND REGULATORY DECLARATIONS

PRODUCTIVE SECTOR AND DEPRIVED SECTOR LENDING

With an objective to increase lending to productive sector (Agriculture, energy, tourism, small and cottage industries) NRB has instructed commercial banks to lend 20 percent of total credit to the productive sector by mid-July 2015, out of which 12 percent of total credit to the agriculture and energy sector. In the monetary policy 2016-17 (2073/74) as such there is no change on Productive

Sector lending ratio of minimum 20% of total loan and advances. However, Commercial banks shall be directed to lend at least 15% of total loans towards agriculture and energy sectors from existing 12% within productive sector by Mid July 2017

Similarly, NRB through monetary policy 2073-74 has revised the direction for investment in the deprived sector lending ratio of commercial banks, to invest 2 % directly out of 5.0 percent of total credit. Your Bank has extended Rs 9876.50 million to productive sector and Rs 2170.50 million to deprived sector lending as on mid-July 2016. This constituted the productive sector lending of 20.77% and deprived sector lending of 5.13 percent respectively of overall advance of the Bank which is better than the standard prescribed by Nepal Rastra Bank during the fiscal year 2072-73.

REFINANCING AND PRODUCTIVE SECTOR LENDING

The NRB has been providing a refinance facility aimed at expanding credit to the productive sector. In the review period, the use of such facility has increased. In the review period, a total refinance of Rs. 7.52 billion including general refinance of Rs. 6.22 billion and export refinance of Rs. 1.30 billion was availed. In the corresponding period of the previous year, a total refinance of Rs. 7.44 billion including general refinance of Rs. 4.75 billion and export refinance of Rs. 2.69 billion was utilized. Moreover, the bank has introduced a provision of refinance facility at zero percent interest rate to the BFIs with an objective of providing concessional housing loan to earthquake victims. Under this scheme, a sum of Rs. 21.5 million has been extended as of mid-June 2016.

OTHER REGULATORY DECLARATIONS: UNDER IMPLEMENTATION

- The coverage of the productive sector loan has been expanded by including the loans granted

to the organized institutions if they operate public city transport services in the major cities namely Biratnagar, Janakpur, Birgunj, Pokhara, Bhairawa, Nepalgunj, Dhangadhi and the Kathmandu Valley.

- Institutions and mechanisms operating payment and settlement services but not under the regulatory and supervisory purview of NRB will be licensed by implementing the Payment and Settlement Bylaw 2015. There will be a continuous regulation and supervision of instruments and services issued by such agencies.
- In line with the plan of implementing Nepal Financial Reporting Standard (NFRS) gradually in BFIs, the 'NFRS Migration Guidelines to BFIs' has already been issued. The required financial statements and the draft of new directive will be finalized and implemented accordingly.
- The new provision requires commercial banks to disburse 5 percent, development banks 4.5 percent and finance companies 4.0 percent of their total loan in the deprived sector. In addition, the deprived sector lending will be redefined by including the commercial agriculture lending. Loans up to Rs. 10 lacs extended against collateral of Commercial Agriculture Project are eligible for Deprived Sector Lending.
- The existing 'Magnetic Strip Card' such as debt, credit and prepaid cards will be replaced by the 'Chip Based Card'. This is expected to ensure security on the usage of banking services by minimizing the operational risk.
- Interest corridor system is being implemented in phased manner in order to stabilize the short-term interest rates volatility.

MACRO PRUDENTIAL REGULATIONS

- In order to enhance the confidence of public in banking system through minimizing risk of banking transaction, NRB has introduced "New

Capital Adequacy Framework-2015" based on BASEL III. Commercial banks are required to implement it in parallel run since mid-January 2016 and fully since mid-August 2016. Commercial Banks are required to maintain minimum common equity Tier 1 capital of 4.5%, Capital Conservation Buffer of 2.5% and Leverage Ratio of 4% starting from FY 2016-17.

- Counter cyclical buffer to be maintained at 2.5% within Mid July 2017.
- Loan-to-value (LTV) ratio for commercial real estate reduced to 50% from existing 60%; LTV ratio fixed at 60% for residential housing from existing 66.67%
- Ceiling for converting existing borrowers under multiple banking arrangements to consortium lending has been raised to Rs 1 billion from existing of Rs 500million.
- Commercial banks directed to bring down portion of institutional deposits to 50% of total deposit, from existing 60%.
- BFIs are allowed to extend margin lending loan to maximum of 50% of 180 day's average closing price (Existing 60%) or current market price of the stock, whichever is lower.

REGULATION AND SUPERVISION:

- BFIs are not required to obtain permission from the NRB to open branch in areas except inside metropolitan, sub-metropolitan and municipality where district headquarter is located. These areas include 114 Village Development Committees and 4 municipalities of Parsa, Bara, Rautahat, Sarlahi, Mahottari, Dhanusha, Siraha and Saptari districts adjoining the southern border having relatively high severity of poverty; 10 previously specified districts with higher level of poverty in the hilly region; and districts severely affected by the earthquake, except Kathmandu Valley. It is believed that this provision will support the households in high severity of poverty and

affected by earthquake to engage in the local resource and skill-based income generating activities.

- In order to invest in infra sector necessary arrangement for opening Infrastructure Development Bank in participation with private sector shall be made.
- 'Board of Directors Education Program' for the board of directors of BFIs to strengthen corporate governance and risk management
- Necessary arrangements to launch 'bank accounts for all Nepali' and distribute social security allowance from banking system shall be made.
- BFIs will have to allocate at least 1 percent of their profit for corporate social responsibility
- BFIs will have to allocate at least 3 percent of staff expenses for training and capacity development
- In order to reduce the risks resulting from cash transactions NRB has reduced the cash transaction threshold to Rs 3 million from Rs 5 million

BUSINESS PERFORMANCE : 2015-2016

Your Bank adopted a conscious strategy to shift from high cost bulk deposits to low cost CASA. As on mid July 2016 while domestic currency deposits has increased from Rs 4,493.30 crore to Rs 5,493.17 crore as at the end of Ashad 2073, which is a growth of 22.25% over the previous year. CASA share, on total deposits, stood at 50.64% at the end of Ashad 2073.

In Gross Advances, the bank registered a growth of 17.47%. While registering the growth in Loan and Advances, quality of portfolio was ensured, which is evident from improvement in Gross NPAs to 0.14 % (decrease from 0.19% at the end of Ashad 2072) and Net NPA 0 % (are amongst the best indicators in the country and better than the industry average of 3.33 percent) as at the end of

Ashad 2073. The Bank continues to maintain its premier position in the country, as one of the most efficient and financially robust Banks.

The number of total deposit accounts registered reached to a level of 621910 showing an increase of 9.62 percent over the previous year. Likewise, number of borrower accounts (net) increased by 5.78 percent reaching a level of 18,165 as at the end of the fiscal year.

Your Bank posted a higher operating profit (before provision) of Rs. 217.06 crores as compared to Rs.174.69 cores in previous year and achieved qualitative improvement in asset quality.

The Bank maintained a strong capital base and significantly expanded clientele base of deposits and advances. Greater oversight and improvement in risk based supervision techniques and structures helped your bank achieving higher trust and confidence of stakeholders.

In the review year Your bank focused specially on deposit products viz. NSBL Baal Bachat Khata, Karnadhaar Bachat Khata and Nari Bachat Khata targeted at specific group of customers (childrens upto age of 16 years and women) for helping them to inculcate the savings habit and increase the volume of low cost deposit of the bank. The Bank has introduced new remittance product Global Link Services (GLS) utility for receiving remittances on easy, reliable and fastest way from various branches of SBI Group outside India and from exchange houses & remittance companies having link with SBI Group. The bank further launched its own payment gateway to facilitate trade and non trade remittance to India at affordable cost.

Establishment of Nepal SBI Merchant Banking Ltd

In the review year with a view to provide merchant banking and capital market related service to our

MEASURING OUR SUCCESS As on 15.07.2016

IMPROVEMENT IN KEY EFFICIENCY PARAMETERS

(NPR IN CRORE)

FY ended	16th July 2015	15th July 2016	Growth/ Improvement
1 Net Interest Income	204.75	241.61	36.86
2 Operating Profit	163.03	205.92	42.89
3 Net Profit	106.54	133.19	26.65
4 Cost of Funds (%)	3.17	2.55	-62 BPS
5 Cost to Income Ratio (%)	37.94	34.94	-300 BPS
6 Net Interest Margin (%)	3.78	3.91	+13 BPS
7 Return on Assets (RoA) (%)	1.7	2.00	+30 BPS
8 Profit per employee	0.18	0.2	+2 BPS
9 Gross NPA Amount	7.49	6.6	-0.89
10 NPA (%)	0.19	0.14	-5 BPS
11 Base rate (%)	7.71	5.98	-173 BPS

valued customers, Nepal SBI Bank Ltd. has recently launched its wholly owned subsidiary “Nepal SBI Merchant Banking Ltd. (NSMBL) at Durbar Marg Branch, Kesharmahal Kathmandu, which was inaugurated Shri. B. Sriram, MD (CB), State Bank of India, Shri. Siddhartha Sengupta, Dy. MD (IBG), State Bank of India and Shri. Sujit Kumar Varma, CGM (IB), State Bank of India.

RETAIL BANKING SEGMENT

Your bank accorded more focus on retail banking segment having high retention or stability ratio during the review period. In the year 2072-73, retail segment deposits (Current and savings account) recorded a growth of Rs.600.87 crores and reached to Rs. 3220.84 crores. 51276 new savings deposit accounts and 2708 new current accounts were opened during the year. Aggressive marketing effort from our employees, better customer service and deposit/advance mobilization campaigns launched over the years has resulted this increment.

Retail segment advances stood at Rs. 1563.40 crores in 2072-73 as against Rs. 1313.91 crores in 2071-72 which is a YoY increase of 18.99%. We focused on retail loans like loans to ex servicemen

(Indian Army), education loan, housing loan, mortgage loan, etc. to improve the yield on assets. Despite uncertain political situation and sluggish economy and excess liquidity in the banking system, we were able to book quality business with double digit growth rate.

CREDIT MANAGEMENT

The bank has always focused on the quality aspect of credit while augmenting its credit portfolio. This year the total credit exposure reached Rs. 4754.30 crores showing a growth of 17.47% over previous year. 889 new advance accounts (net) were booked during the review year. Bank has robust credit assessment and monitoring system in place due to which our asset quality has been continuously improving. Bank’s credit management policy has been appreciated by our regulator NRB also.

SME BUSINESS

SMEs are the milestone of innovation and new job creation. Realizing the importance of SMEs to National Prosperity, the Bank has designed a specific targeted product for the SMEs ; “SME Loan” to support these businesses with hassle free need based assessment and timely loan dispensation. As at the end of Ashadh 2073, Bank

extended advance of Rs. 187.98 crores under SME Business portfolio registering year on year growth of 38.36%.

DEPRIVED SECTOR LENDING

During the review year, your bank has increased the deprived sector lending to Rs. 217.05 crores as compared to Rs. 179.62 crores last year. This constituted the deprived sector lending of 5.13 percent of overall advance of the Bank which is better than the standard prescribed by Nepal Rastra Bank (i.e. 5%) during the fiscal year 2072-73. Now, through monetary policy 2073-74, NRB has instructed the bank to lend 2% directly to the deprived sector out of total 5% mandatory deprived lending requirement commercial banks from current financial year viz : 2073-74.

NPA MANAGEMENT

Your bank is pursuing both preventive management and curative management strategies for controlling NPAs. The strong credit assessment and risk management mechanism is in place to filter out the likely NPAs. Regular monitoring of accounts at every level (Branch, Regional and Corporate) are regularly carried out to sense early warning signs to reduce the likely incidence of NPAs. A detailed

due diligence on KYC profile of clients were an emphasis on creditability default history etc is done as part of our credit pre- sanction process while establishing credit relationship. The bank has been able to lower the Gross NPA to 0.14% and net NPA to 0%. Similarly, the number of NPA accounts came down from 64 to 60. The non performing loan ratio to total loan is 0.14%. Nepal Rastra Bank (NRB) has made new provision regarding classification of loans as Watch List. Loan loss provision at the rate 4% is to be maintained for loan falls under Watch List. We are able to keep low level of NPA and provision of Watch Listed accounts on back of close monitoring of SMA accounts through prompt recovery efforts.

FINANCIAL HIGHLIGHTS

NET INTEREST INCOME

The bank earned a net interest income of Rs. 241.61 crores in the FY 2072-73 as against Rs. 204.75 crores during the previous year. This shows a growth of 18%.

NON INTEREST INCOME

Non-interest income stood at Rs 92.02 crores in FY 2072-73 as against Rs. 76.75 crores in FY 2071-72 registering an increase of 19.90%.

STATUS OF PROVISION OF LOANS WITH NEW CLASSIFICATION AS PER NRB DIRECTIVES

As on 31 Ashad 2073 (15 July 2016)

Particulars	As on Ashad 2072	As on Ashad 2073
Pass	390,166,740	472,557,667
Watch List	27,605,423	28,906,395
Restructured	149,629	88,347
Substandard	53,900	-
Doubtful	14,491,008	-
Loss	60,229,715	65,893,467
Total	492,696,415	567,445,876
NBA	-	-
	492,696,415	567,445,876



PROFIT

The Operating Profit of the Bank for FY 2072-73 stood at Rs. 205.92 crores as compared to Rs. 163.03 crores in FY 2071-72 registering an increment of 26.30 %. The Bank posted Net Profit of Rs. 133.19 crores for 2072-73 as compared to Rs 106.54 crores in 2071-72 registering a growth of 25.01 %.

KEY FINANCIAL INDICATORS

Earnings per share stood at Rs. 34.29 (per share of face value Rs.100) in FY 2072-73. The Book value of the share improved to a level of Rs. 178.19. This was achieved on higher equity base, since the Bank has been issuing and distributing Bonus shares to its shareholders for the past few years.

RoA of your bank also improved from 1.70% to 2.00% during the review year. Similarly Net Interest Margin improved from 3.78% to 3.91% during the review year.

Your bank effectively ensured efficient use of resources and brought about significant increase in level of gross advances by over Rs. 707.11 crores. The augmented base of assets was achieved while simultaneously perusing best global practices to maintain sound capital base with capital adequacy ratio at 13.49 percent in mid July 2016. This was well above the Nepal Rastra Bank benchmark of 10 percent. Likewise, the Core capital to Total Risk Weighted Assets (Tier-I) at the end of Ashad 2073 was 10.98 percent, which was well above the minimum required benchmark of 6 percent of NRB.

Your bank's capital base successfully qualifies all applicable and possible stress test scenario analyses and withstands all key risk factors across all portfolios and also takes care, appropriately, of the forward-looking scenario. This also provides sufficient room for further increase in risk assets necessary for the continued growth of the Bank.

CORPORATE CITIZENSHIP

CODE OF ETHICS

The Bank has devised and implemented its own 'Code of Ethics' to be followed meticulously by all the members of its Board of Directors, Management Team and staff at all levels. The Code of Ethics implemented by your bank is consistent with the spirit of Good Governance Act and is fully compliant with Nepal Rastra Bank's guidelines on maintaining good corporate governance in the bank.

INTERNAL CONTROL, INSPECTION AND AUDIT

The Bank has put in place a well-established independent audit system and structure to ensure adequate internal control for safe and sound operations. Internal Auditor reports to the Audit Committee and is also responsible for monitoring compliance with various NRB directives and guidelines. The Audit Committee of the Bank under chairmanship of a non-executive director reviews the financial position of the Bank, adequacy of its internal control systems and issues appropriate guidelines based on the feedback received from the internal audit reports.

The bank has adopted and successfully implemented Risk Focused Internal Audit (RFIA), whereby a provision of 12 different types of Audits has been made in the Audit Manual. Under RFIA, branches are categorized into three groups as per risk perception and are subject to various degrees of audit. The periodicity of audit is determined by the classification of the branches according to the extent of control quantified by previous RFIA. Self Audit of operating units has also been introduced, under which audit of a branch is carried out by the branch itself providing greater insight and controlling tools for the Regional Managers and the Management for effective supervision of qualitative parameters of operations.

The IAD has successfully carried out audit of 66 audit units (i.e. Branches & Departments) during the FY 2015-16 respectively as per the audit plan approved by the Audit Committee. Observations of the internal auditors have been complied with and corrective actions were taken wherever necessary.

RISK MANAGEMENT

Nepal SBI Bank has been implementing an independent risk monitoring structure is in place for better control and mitigation of risk. Banking business involves a trade-off between risk and return. A fine balance between risk and return ensures continuity and prosperity of the bank.

The various Risk management committees are in place in the bank to manage and control all facets of risk arising out of different areas of banking business, viz. ICAAP Review Committee, Market Risk Management Committee, Credit Risk Management Committee, Operational Risk Management Committee, Assets and Liabilities Management Committee. These committees identify, assess, mitigate, control and monitor risk strictly in line with the policy frameworks for such areas of banking business. These risk management committees together with the Audit Committee form the structure through which the Board oversees the risk management function.

Your bank has already migrated to Basel-II norms and the Capital to Risk Weighted Assets Ratio (CRAR) is also being worked out as per the guidelines of Basel-II. The Bank also plans to go for Operational Risk Management Solution software in near future for assessing the Operational Risk on an ongoing basis. To control, obviate and mitigate the operational risk, the Bank has put in place comprehensive operational guidelines and has also issued various manuals, such as Cash Module Manual, IT manual, Finacle Job cards, TFCPC manual, Internet Banking guidelines, Mobile

Banking operational guidelines, Credit assessment and process guidelines for the operating units.

The Bank has created a separate Integrated Risk Management Department (IRMD) headed by Chief Risk and compliance officer (CRCO) to further strengthen the Risk Management structure. The role of IRMD team is focused on assessing, identifying, monitoring and reducing pertinent business risks. Further, being a subsidiary of State Bank of India, your bank is also required to comply with the requirements of the Group Risk Management Policy of State Bank of India who are continuously monitoring our systems & controls. Your bank received A+ rating, the highest rating in the last Management Audit conducted by SBI, Audit & Inspection team.

ICRA Nepal Limited has assigned issuer rating of “[ICRANP-IR] AA” (pronounced ICRA NP Issuer Rating Double A) to Nepal SBI Bank Limited on 15th July 2016. “[ICRANP-IR] AA” rating is considered as high credit quality rating assigned by ICRA Nepal and the rated entity carries low credit risk.

ICRA Nepal has also reaffirmed the rating of [ICRAP] LAA (pronounced ICRA NP Double A) to the subordinated bonds/debenture of NPR 200 Million of Nepal SBI Bank Ltd. issued in the year 2014. Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations and such instruments carry very low credit risk.

Both the above ratings are the highest ratings ever assigned by ICRA Nepal to Nepalese listed companies.

As per ICRA Nepal, the rating assignment/reaffirmation factors the bank’s strong promoter profile, existence of Technical Service Agreement (TSA) with State Bank of India, established track record (operating since 1993) and adequate franchise



leading to good market positioning in Nepal. ICRA Nepal's Rating Certificate further states that the rating was assigned to the Bank by taking into consideration bank's experienced senior management, improved deposits profile, strong asset quality, adequate capitalization levels, moderate portfolio growth and adequate earnings profile.

ASSET LIABILITY MANAGEMENT

Asset liability management (ALM) is the administration of policies and procedures that address financial risks associated with changing interest rates, foreign exchange rates and other factors that can affect a company's liquidity. Your bank is efficient in ensuring asset liability management and is undertaking timely review of the ALM positions of the bank. The bank has implemented a comprehensive Asset Liability Management (ALM) System for effective management of Market Risk covering Liquidity Risk, Interest Rate Risk and Foreign Exchange Risk.

Liquidity and Interest Rate Risks are measured through Structural Liquidity Report. Both the risks on Foreign Assets & Liabilities are being monitored through Maturity & Position (MAP) and Sensitivity to Interest Rate (SIR) reports. The monitoring of liquidity on a dynamic basis over a time horizon spanning 1-90 days and more, is in place.

The Asset Liability Management Policy coupled with Investment Policy of the Bank specifies various prudential limits for management of Liquidity and Interest Rate Risks. A system of daily monitoring of inflows and outflows of deposits is in place for managing Liquidity on a day-to-day basis. Stress Testing on Liquidity, Interest rate and Foreign Exchange positions has also been undertaken during the year. The structural liquidity report is being prepared and reviewed regularly. Scenario analysis on market risk, as prescribed by Nepal Rastra Bank is also being ensured.

OUR TECHNOLOGY INITIATIVES

Your bank has installed e-corner at at Durbarmarg Main Branch, Kesharmahal, which provides easy and hassle free, various technology products such as Cash Deposit Machine (CDM), ATMs and Self Service Kiosk (SSK) etc for NSBL customers.

To facilitates the cost friendly and easy processing of remittance from Nepal to India your bank has launched NSBL Payment gateway. To make banks mobile banking product more popular the bank has re launched Mobile banking with rebranding "Mero Saathi" and Mobile ATMs (Kathmandu and Pokhara). With the launch of above services the customer can utilize the various features of Mobile banking, ATM utilities and Mobile ATMs and other value added services along with the platform of NSBL payment gateway.

CORE BANKING SOLUTION (CBS)

Nepal SBI Bank Has been using The Finacle Core Banking Solution software which is a real time 24X7 account processing platform which has a layered Service Oriented Architecture (SOA), Straight through Processing capabilities and web enabled technology. On this core platform are integrated various value added services like SMS/ Mobile Banking and Internet Banking in addition to ATM cards. Your banks has recently, in the month of October 2015 has successfully completed Upgradation/Migration from existing version of Finacle 7.6.1 to Finacle 10.2 which is superior in terms of security features and speed of processing data.

CARD PRODUCTS

Your Bank has offered various Visa branded debit card services to its customers and subsequently upgraded the security features over the time. ATM cum Debit Card, Bharat Yatra Card, Vishwa Yatra Card are the debit card products offered by the Bank and are VBV (Verified by Visa) enabled,

an extra layer of security that helps to prevent unauthorized use of the cards while online shopping. Currently, our Vishwa Yatra Card is chip based card and the Bank is in process to upgrade other two cards, ATM cum Debit Card and Bharat Yatra Card to chip based card.

The bank has issued over 5 Lac 20 Thousand ATM cards at the end of Ashad 2073 with penetration over 84 percent

AUTOMATED TELLER MACHINES (ATMs)

The Bank has installed 85 ATMs all over the country including 2 mobile ATMs for Kathmandu valley and Pokhara Valley for all over the country to provide 365 days banking services to its customers. This year your Bank installed additional 6 ATMs at various places including 2 mobile ATMs and is planning to install more in coming days. Further the Bank on Fiscal year 2072/73 added modern features in its ATMs viz. fund transfer, request for SMS/Mobile banking registration, Donation utility, etc. Various international cardholders can also transact from our ATMs at nominal charge.

INTERNET BANKING

Through E-Banking service, your Bank has offered facility of fund transfer, mini/detailed statement of accounts, utility bill payments, payment of IRCTC Indian railway online ticket booking etc. In order to develop awareness and encourage customers to use E-banking facility for quick and hassle-free banking experience, the Bank in time to time launching E-banking mobilization campaign. The number of e-banking user as at the end of Fiscal year 2072/73 has reached to 44,695 against 33,884 by registering a growth of 32 percent against users last year. Last year the growth in e-banking user was 28.59 percent.

MOBILE BANKING

Mobile/SMS Banking of the Bank allows its customers to view account balance, inquiry

of exchange rates, banking hours, check mini statement, transaction alert, fund transfer, utility bill payment, book airlines ticket, etc. Bank is planning to add more features and make mobile banking more convenient, secure and popular among its customers. Bank's Mobile Banking App is available for free download from Bank's website and Google Play store. The total number of customer availing Mobile banking service upto ashad end 2073 has reached to 113929 with growth of 19.93 % over the last year (95000 customer availed mobile banking last year).

INFORMATION TECHNOLOGY & SYSTEMS SECURITY

The Bank has a comprehensive IT and Information Systems (IS) Security systems to control the threat and risk associated with IT enabled services which address all the concerns including maintenance of customers' confidentiality, security and integrity of data. Bank's data centre where the Bank's CBS database resides (both Primary and Disaster Recovery Site) has acquired the accreditation for the international standard for Information Security Management Systems. All the Banking applications have built-in security features like access control, data encryption and transmission through secured channels as per the requirement of the application. The threat of virus is minimized by having a centralized anti-virus solution. Adequate Firewalls and Intrusion Detection Systems are in place so as to prevent unauthorized access to the network.

The Disaster Recovery Plan (DRP) for all the operations is in place. The Bank has taken steps to increase security awareness amongst staff as well as customers and to ensure compliance of IT security. A detailed booklet for guidelines on IT Policy containing IS Security guidelines has been provided to all the branches and offices for day to day operation.



TECHNOLOGY INITIATIVES FOR COMMUNITY SERVICES BANKING

Nepal SBI Bank has introduced / proposes to introduce various technological initiatives/ products to provide Banking services in Nepal at reasonable cost. This has helped in increasing the penetration of banking services in difficult, hilly and remote areas also. A few of these initiatives are as under:

Nepal SBI is serving through 73 Outlets (62 Branches, 7 Extension Counters, 3 Regional Offices and 1 Corporate Office) in 32 Districts with 93 ATMs (Including 2 CDM and 2 Mobile ATMs). Nepal SBI plans to expand its branch network to 100 by 2018. The Bank would add additional 50 ATMs (25 Recyclers and 25 ATMs) by 2018.

Nepal SBI has already launched POS Terminals and introducing POS services to facilitate Branchless Banking in remote places with the facility of Cash Withdrawal at POS (Cash at POS). NSBL plans to be the bank with highest POS terminals by 2018.

NSBL has introduced NSBL Payment Gateway which will facilitate the other Banks and Financial Institutions in Nepal to Send & Receive INR remittances From/To India. In the first Phase, NSBL Payment Gateway will facilitate other BFIs to send remittance to India through NSBL. In the next Phase remittance from India will be routed to Other BFIs through NSBL Payment Gateway. This will help in the development of sound payment system in the country introducing Real time and near time settlement of INR transactions.

NSBL Mobile Banking (Mero Saathi) provides 24*7 availability of Banking Services to the customers with entire range of payment utilities including mytrip2nepal.com.

NSBL ATMs with the following utilities are serving the customers 24*7 :

- Cash Withdrawal and Cash Deposit through recyclers (CDMs).
- Intrabank fund transfer facility (Self account and Third Party account).
- Facility to transfer Funds to PM Disaster Relief Fund account.
- Facility to transfer Funds to Pashupatinath Donation Account.

NSBL Mobile ATMs serve the community at remote locations through Bank on wheels concept.

NSBL is the only bank in Nepal to provide IRCTC Online Ticket Booking facility through NSBL Internet Banking.

NSBL is the nodal bank for the “Indo-Nepal Remittance”, a cross-border Electronic Funds Transfer system to transfer funds from India to Nepal, enabled under the NEFT Scheme. The scheme was introduced by Reserve Bank of India (RBI) in consultation with Nepal Rastra Bank (NRB). The scheme was launched to provide a safe and cost-efficient avenue to migrant Nepalese workers in India to remit money back to their families in Nepal.

Nepal SBI Bank Limited has introduced a robust Electronic Fund transfer Mechanism (EFT) namely “SBI-Nepal Express Remit” to provide faster and convenient mode of remittance facility for the Nepali migrants in India by disbursing cash for such remittances to the beneficiaries residing all across Nepal through Electronic Fund Transfer Mechanism (EFT).

NSBL has introduced “GULFTONEPALREMITTANCE” with real time/near time processing.

NSBL e-corner serves the community 24*7 with following facilities:

ATMs for Cash withdrawal, (b) CDMs for Cash Deposit, (c) Self-Servicing Kiosk for Cheque Deposit, (d) Internet Banking Terminal.

Highest percentage of INB and Mobile Banking penetration in Nepal.

CUSTOMER SERVICE

At Nepal SBI Bank we know that we have to bring banking to the fingertips of our customers. We realize that modern banking is about enabling our customers to have a meaningful relationship with their money. The customer wish to transact more quickly, accurately and efficiently than ever before. Keeping customers in its first priority the Bank continues to render better customer service by devising simplified processes and innovative delivery channels accordingly over the years. Providing value added services, leveraging core Banking technology and re-designing key business processes in line with the requirements of the customers, have helped in providing customers a satisfying banking experience with international standards. Today's customers evaluate and choose the banks based in their provision of self-service banking tools. To the possible extent, customers do not prefer to visit the bank and wait for an hours in a serpentine queue to get their cash deposited, cheque paid, statement printed, queries addressed, etc. In order to fulfill these needs, our Bank has installed technology driven products like AMTs, SMS/Mobile Banking, Internet Banking and Live support SSK (self service Kiosk) CDM (Cash Deposit Machine), Mobile ATM services etc.

BRANCH EXPANSION

With the opening of 6 new branches respectively at Kohalpur, Manigram, Hakim Chowk Narayangarh, Banepa, Kawasoti, and Birauta Pokhara, on fiscal year 2072/73, the branch network of your Bank reached 62, as of 15th July 2016 which covers

32 district of Nepal. To provide exclusive banking facilities to the office of Manipal College of medical Sciences one extension counter at Manipal Medical College, Pokhara was opened. With this the number of extension counter has reached to 7. The total number of outlets has reached to 69 inclusive of extension counters.

To provide technology based product to our valued counter your bank installed e corner at kesharmahal branch. E corner is equipped with 24/7 ATMS, Cash deposit Machine (CDM), Self service Kiosk (SSK) and other facilities. Similarly your bank launched 2 mobile ATMS for Kathmandu valley and Pokhara valley and will be adding more Mobile ATMS in various important strategic locations. With 2 mobile ATM the no of ATM of the bank has reached to 93.

SOCIAL RESPONSIBILITY INITIATIVES

Nepal SBI Bank Ltd has shown its commitment to the society at large and has engaged in various social banking initiatives under Corporate Social Responsibility (CSR). As part of our customer education initiative, we have started with NSBL Tech Learning Centres (to increase awareness of bank's Technology products among the people), launched at three Regional centres, with meeting to be observed on the third Thursday of every month. This has drawn a lot of interest and in due course will be extended to more centres.

As a partner in progress of the community, Nepal SBI Bank Ltd. remains always conscious about its responsibility towards the society as a whole every year the bank is contributing certain portion of its earnings for the progress of the community and country through several initiatives.

We supported directly or in partnership with other organizations, to various individuals, groups or

institutions in wider area of social life including natural calamities, education, sports, culture, etc. Apart from these, the Bank has contributed Rs. 123 million to the Prime Minister Disaster Relief Fund. Cheque amounting to Rs. 52.10 million was handed over to the Prime Minister, Shri K. P. Sharma Oli at his Official Residence at Baluwatar. The bank had collected the money as a part of its Corporate Social Responsibility (CSR) initiatives. The bank had also contributed Rs. 71 million to the fund last year. The contribution of Rs. 123 million is the highest amount contributed by any bank in Nepal.

Similarly your SBI Bank provided the cleaning equipments to Pashupati Area Development Trust (PADT) through its Pashupati Extension counter to keep the Pashupatinath temple area clean and tidy. The bank has also assisted PADT in maintaining the cleanliness at Pashupatinath Temple area by providing adequate trained cleaners for a period of 5 years.

CHANGES IN THE BOARD OF DIRECTORS

Consequent upon transfer of Shri Giridhara Kini to Hyderabad Circle of State Bank of India Shri Prabodh Parikh, General Manager, Wholesale Banking has been nominated by SBI on the Board of Nepal SBI Bank Ltd. Similarly, consequent upon superannuation of Smt. Hasana Sharma, ex- chairperson of the Board, from the service of Employees Provident Fund (EPF), Shri Krishna Prasad Acharya, the Administrator, EPF has been appointed as Director by the Employees Provident Fund. Shri Acharya has also been unanimously elected as Chairperson of the Board w.e.f. 3rd July 2016. On behalf of the Board of Directors, we place on record our appreciation for the contribution made by Shri Ghiradhara Kini and Smt. Hasana Sharma in guiding the affairs of the Bank during their tenure and welcome Shri Parabodh Parikh, General Manager, Wholesale Banking, State Bank of India and Shri Krishna Prasad Acharya, Administrator, Employees Provident Fund as new

members on the Board of the Bank.

STATUTORY AUDITORS

M/S P.L Shrestha & Co., Chartered Accountants, conducted the statutory audit of the Bank for the FY 2072-73 as appointed by the 22nd AGM and is eligible for continuance. Accordingly, the audit committee of the Bank's board has recommended for continuance of M/S P.L Shrestha & Co., Chartered Accountants as Statutory Auditors of the Bank for the year 2073-74.

FURTHER INFORMATION AND DISCLOSURES

All the statutory requirements on disclosure of information—including under Section 109(4) of the Companies Act, 2063 and Rule 22(1) of Securities Registration and Issuance Regulation 2065 – have been embodied as annexure to this report. Similarly, information regarding the Bank's Corporate Social Responsibility initiatives, Corporate Governance and Risk Management and useful information for Shareholders can be found in their respective sections. Financial Statements including Balance Sheet, Profit and Loss Account and Cash Flow Statement followed by the schedules prepared as prescribed by Nepal Rastra Bank and notes to accounts thereto can be found subsequently.

PATH AHEAD

Your Bank has attained present position in banking industry gradually but steadily in the past 23rd years. Bank has expanded its service to 32 districts of the country with 69 banking outlets and 93 ATMs along with 2 mobile ATMs. Bank is planning to expand its reach in rural areas too in near future. Similarly, our objective will be expanding the customer base at the same time by maintaining strong customer relationship. Digitized and modern technology based banking service and innovative tools will be adopted in order enhance the efficiency and to provide international standard customer service.

OUR STRATEGIES FOR THE CURRENT YEAR (2073-74)

The Bank has introduced its own remittance gateway which is cost effective facilitates for trade and non-trade remittance to India. Additional remittance product, Global Link Services (GLS) utility for remittance business is in place for facilitating inward remittance from abroad, including gulf countries. Emphasis will be given to bring more and more remittances from gulf nations, India, Europe, US, Australia, Malaysia, etc by enabling linkages and arrangements with various domestic and international remittance companies and agencies. Your bank has one of the richest baskets full of alternative delivery channels: Automated Teller Machines, SMS/ Mobile Banking, Internet Banking, e-corner having CDM (Cash deposit machine) and SSK (Self service kiosk) mobile ATM Van, launching of POS terminals, etc. The Bank has introduced various additional facilities like IRCTC Ticket Online Booking Utility, Telephone, Post-Paid Mobile,

and ADSL bill payment through Mobile Banking, Internet Banking and the Branches. Your bank proposes to approach the new businesses with more tech savvy product ranges and integrated solutions like fund transfer and remittance service through ATM machine, online payment through Debit cards, installation of Point of Sale machines at different business centers to ensure hassle free, high quality customer service at low cost.

Emphasis on stable and long term low-cost deposits, expansion of retail advances to improve efficiency parameters and the market share, maintaining asset quality of high standard, developing innovative/ competitive products and improving delivery channels, restructuring business processes in the techno-driven environment, further strengthening the sophisticated risk management systems, ensuring high quality of customer service and adopting best Corporate Governance practices, would continue to remain guiding factors and strategy for your Bank.

PROGRESS REPORT FOR THE CURRENT YEAR (FIRST QUARTER ENDING AS ON 17.10.2016)

The country witnessed the slow movement in the economic activities. Despite the situation like continued Trade Disruptions, Dharanas, Bandhas, Agitation etc in last fiscal year and other challenges your bank has registered a decent growth in the key performance parameters during the quarter. The progress report of First quarter of fiscal year 2073/74 (unaudited) achieved during the 1st quarter of current year is presented below;

Amount in Crores

S.N.	Particulars	This Quarter Ending as on 30.06.2073 (16.10.2016) Unaudited	Previous Quarter Ending 32.03.2073 (15.07.2016) Unaudited	Corresponding Previous Year Quarter Ending as on 30.06.2072 (17.10.2015) Unaudited	Growth (%) Quarter on Quarter
1	Total Deposits	6889.78	6521.35	5395.35	27.70
2	Out of above: Domestic Currency Deposit	5881.44	5493.16	4751.91	23.77
3	Loans and Advances (Net)	5237.89	4699.54	3985.4	31.43
4	Net Interest Income	69.24	241.61	56.7	22.12
5	Operating Profit Before Provision	60.68	217.07	46.59	30.24
6	Operating Profit	53.85	205.94	44.26	21.67
7	Net Profit	35.42	133.19	30.2	17.28
8	Capital Fund to Risk Weighted Assets (RWA)	12.89%	13.17%	14.33%	-10.05 BPS
9	Non Performing Loan (NPL) to Total Loan	0.13%	0.14%	0.18%	-27.78 BPS
10	Total Loan Loss Provision to Total NPL	928.00%	828.87%	651.00%	+42.55 BPS
11	Cost of Fund (Annualized)	2.46%	2.55%	2.87%	-14.29 BPS
12	Credit to Deposit Ratio (Calculated as per NRB Directives)	79.51%	78.57%	78.82%	0.88
13	Base Rate	6.08%	5.98%	6.47%	-6.03 BPS
14	Return on Assets (Annualized)	1.70%	2.00%	1.93%	-11.92 BPS

VALUE CREATION AND ALLOCATION

The following appropriations from profits are proposed for the year ended Ashad End, 2073:

NEPAL SBI BANK LTD.
PROFIT AND LOSS APPROPRIATION ACCOUNT
For the period from 1 Shrawan 2072 to 31 Ashad 2073 (17 July 2015 to 15 July 2016)

Particulars	Schedule	This Year Rs.	Previous Year Rs.
INCOME			
1. Accumulated Profit up to Previous Year		3,161,068	5,815,251
2. This Year's Profit		1,331,881,801	1,065,436,141
3. Transferred from General Reserve (Debenture Redemption Reserve)		-	200,000,000
4. Capital Adjustment Reserve up to Previous Year		135,000,000	85,000,000
5. Transferred from Share Premium to issue bonus share		79,159,949	-
Total		1,549,202,818	1,356,251,392
EXPENSES			
1. Accumulated Loss up to Previous Year		-	-
2. This Year's Loss		-	-
3. General Reserve		266,376,361	213,087,229
4. Contingent Reserve fund		-	-
5. Institution Development Reserve		-	-
6. Dividend Equalization Reserve		-	-
7. Staff Related Reserve		-	-
8. Proposed Cash Dividend @ 1.53%		57,333,871	43,456,635
9. Proposed issue of Bonus Shares @ 28%		1,089,343,547	825,676,065
10. Special Reserve fund		-	-
11. Exchange Fluctuation Fund		1,918,449	636,333
12. Capital Redemption Reserve		-	-
13. Capital Adjustment Reserve		-	135,000,000
14. Investment Adjustment Reserve		122,500	377,900
15. 12.5% NSBL Debenture 2078 Redemption Reserve		40,000,000	40,000,000
16. 8% NSBL Debenture 2079 Redemption Reserve		40,000,000	40,000,000
17. 7.9% NSBL Debenture 2080 Redemption Reserve		20,000,000	20,000,000
18. Deferred Tax Reserve		5,052,184	34,856,162
Total		1,520,146,912	1,353,090,324
19. Accumulated Profit/(Loss)		29,055,906	3,161,068



ACKNOWLEDGEMENT

The Board of Directors is grateful to the valued customers, esteemed shareholders and the public at large for their patronage and confidence reposed in the Bank and places on record its appreciation. The Board of Directors also expresses its sincere thanks to the Government of Nepal, Nepal Rastra Bank, Office of the Company Registrar (OCR), Securities Board of Nepal (SEBON) and other regulatory bodies for their valuable support and guidance throughout the year.

Finally I wish to express my sincere thank and appreciation to all the board members for their

valued contribution, leadership and commitment they demonstrate in providing the management of Nepal SBI Bank Limited with an independent, balanced and value added perspective, supervision and guidance suggestion in enhancing the stability and growth of the bank and creating the value for the shareholders.

The Board of Directors also places on record its appreciation of the commitment, sense of involvement and dedication exhibited by employees of the Bank in the overall development and prosperity of the Bank.

For and on behalf of the Board of Directors

Krishna Prasad Acharya

Chairman

Kathmandu

ADDITIONAL DISCLOSURES

ANNEXURE TO THE REPORT OF THE BOARD OF DIRECTORS

ADDITIONAL INFORMATION REQUIRED TO BE FURNISHED AS PER SECTION 109 (4) OF THE COMPANIES ACT, 2063

- (i) No shares have been forfeited by the Bank during the fiscal year 2072/73.
- (ii) Main transactions carried out by the Bank during the financial year 2072/73, and any important change in the business of the Bank during the period:
- Bank carried out transactions as per objectives/functions detailed in the Memorandum of Association and Articles of Association of the Bank. The highlights of the business have been detailed in the Directors' Report. There was no significant change in the nature of the business performed by the Bank during the year.
- (iii) No information has been received by the Bank from its basic shareholders as per the provisions of the Companies Act, 2063.
- (iv) No shares were taken up by the Directors and key office-bearers of the Bank during the year nor were they found to have engaged in the share transactions of the Bank's shares in contravention of the prevailing laws.
- (v) No information was received from any Director or any of his/her close relatives about his/her personal interest in any agreement connected with the Bank signed during the financial year 2072/73.
- (vi) The Bank has not so far purchased any of its own shares.

(vii) Particulars of the Total Management expenses of the financial year

S. N.	Particulars	Amount (in Rupees)
11	Staff Expenses	548,987,096.00
2	Other Operating Expenses	616,795,027.00

(viii) The Bank has an Audit Committee comprising of the following members

S.N.	Name of the Members	Position Held
i.	Mr. Sanjay Kumar Sureka, Public Director	Chairperson
ii.	Mr. Keshab Raj Acharya, Professional Expert Director	Member
iii.	Mr. Lekha Nath Pokhrel (Internal Auditor)	Member Secretary

- **NUMBER OF AUDIT COMMITTEE MEETINGS HELD DURING 2072/73:**
13 (THIRTEEN) MEETINGS

▶ **MEETING ALLOWANCES PAID TO THE MEMBERS:RS.280,000.00**

▶ **ROLE PLAYED BY THE AUDIT COMMITTEE**

- Review of quarterly performance of the Bank and report to Board.
- Supervision of activities of the Bank's Internal Audit Department.
- Review of the Bank's internal controls in different areas of Bank's operations.
- Finalization of Internal Audit Program.
- Reviewing the implementation of recommendations made by the Statutory Auditors and NRB Inspection Team.
- Recommending the appointment of Statutory Auditors to the AGM.
- Ensuring that the Financial Statements to be submitted to the Board of Directors are true and correct.
- Reviewing the status of Nostro Accounts.

(ix) The under noted amounts were paid as remunerations, allowances and facilities to the Directors, the Managing Director and other office bearers.

1. Allowances/facilities to the Members of the Board:

A total of Rs.894,700.00 was paid to the Board members as Board Meeting fee during 2072/73 {@ Rs.12,500.00 per meeting for the Chairman and @ Rs. 10,000.00 per meeting for other Directors} which includes Rs.120,000.00 paid to Directors for attending the meeting of Risk Management Committee of the Board, Rs.280,000.00 for attending Audit Committee of the Board and Rs.20,000.00 for attending the meeting of Employee Service Facility Committee of the Board.

2. Managing Director & Other Office Bearers:

- No remuneration was paid to the Managing Director & other India Based Officers during the year (Management team seconded by SBI) except the payment of Rs.4,871,446.70 towards the rent of their residential quarters and payment of permissible allowances and expenses. Their salary and allowances are paid by SBI under Technical Services Agreement.
- Other Office Bearers:** A total of Rs.548,987,096.00 has been incurred for other office bearers of the bank as their remuneration, allowances and other facilities.

(x) Dividends yet to be collected by the shareholders:

Dividends pertaining to the following financial years are yet to be collected by the shareholders as on 31st Ashadh 2073:

Financial Year	Amount (Rs.)	Financial Year	Amount (Rs.)
2052/53	261,000.00	2063/64	793,738.97
2053/54	247,000.00	2066/67	1,120,736.82
2054/55	281,400.00	2067/68	1,320,521.52
2055/56 & 2056/57	427,250.00	2068/69	1,775,663.55
2059/60	562,027.60	2069/70	3,836,649.44
2062/63	500,417.25	2070/71	6,566,778.94
		Grand Total	17,693,184.09

(xi) No property was purchased or sold by the Bank during the year as stipulated under Section 141 of the Companies Act, 2063.

(xii) No transaction was held between the Bank and its associate companies during the year as stipulated under Section 175 of the Companies Act, 2063.

(xiii) Other required information:

- a) Amount of penalty paid by the Directors, office bearers and shareholder as per section 81 of the Companies Act, 2063:

None of the directors, office bearers and shareholders of the Bank paid any penalty to the office of the Company Registrar. However, an amount of Rs.15,200.00 was paid to the Office of the Company Registrar against delay in holding the 22nd AGM and submission of requisite returns/reports relating thereof.

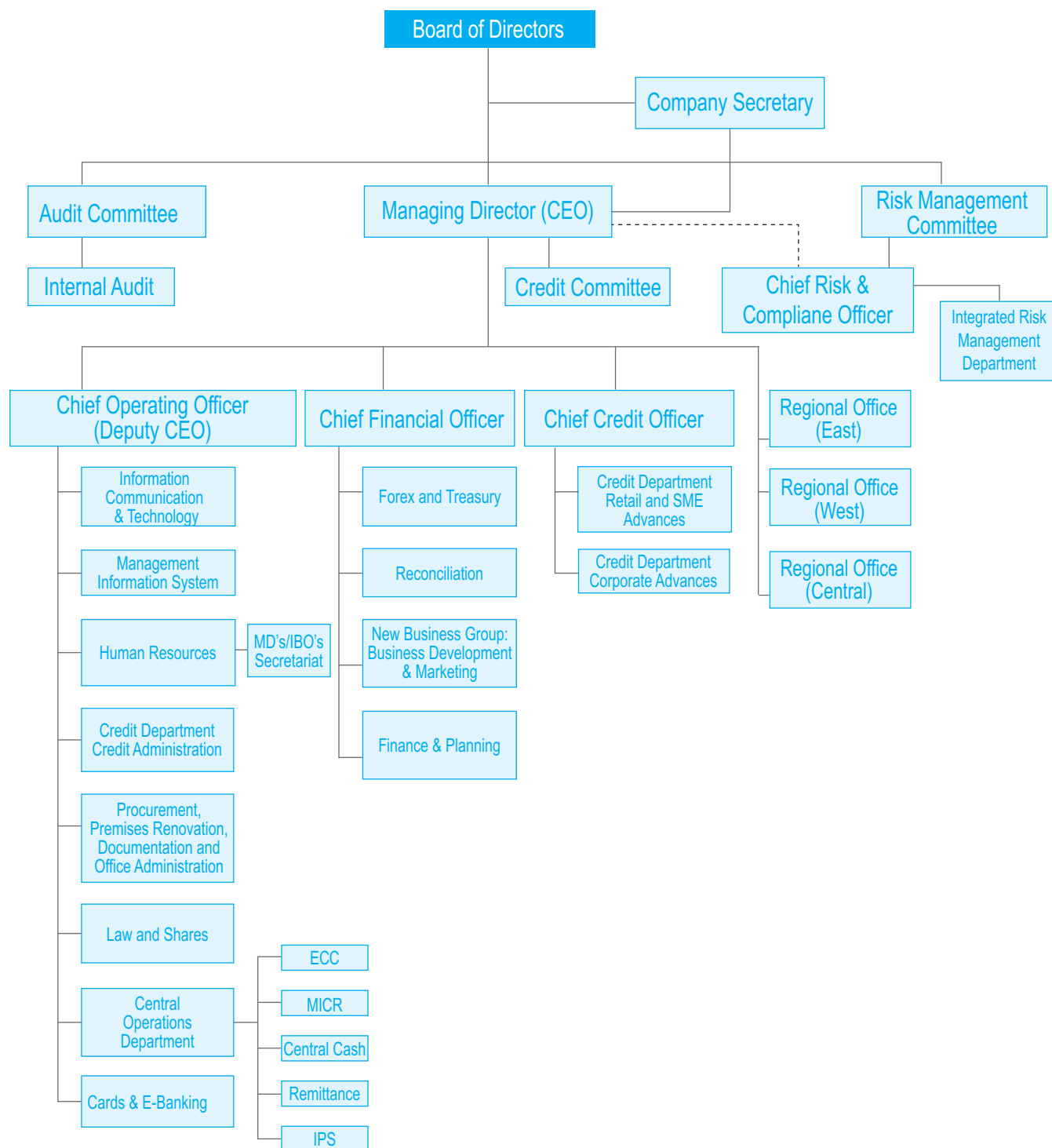
- b) Information in regard to close relative of the Directors or office Bearers working at the office (office of the company Registrar), securities Board of Nepal or any other regulators in an officer or above level as required under section 45 of the Company Directives:

S.N.	Name of the Directors/Office bearers	Details of relative			
		Name	Relation	Regulatory Organ	Position held
A	Directors	Nil			
B	Office Bearers				
1	Rabin Ghimire	Shyam K. Dahal	Maternal Uncle	Nepal Rastra Bank	Deputy Director
2	Manoj Gautam	Bhim Prasad Gautam	Uncle	Nepal Rastra Bank	Assistant Director
3	Smriti Gautam	Sita Ghimire	Maternal Aunt	Nepal Rastra Bank	Director
4	Manoj Chapagain	Jayanti Chapagain	Aunt	Nepal Rastra Bank	Assistant Director

Place: Kathmandu

Mr. Krishna Prasad Acharya
Chairman

ORGANIZATIONAL STRUCTURE



MANAGEMENT TEAM



Mr. Anukool Bhatnagar
Managing Director & CEO



Mr. Shuvakanta Kanungo
Chief Operating Officer & Dy. CEO



Mr. Priya Ranjan
Chief Financial Officer



Mr. Chhapi Raj Pant
Chief Risk & Compliance Officer



Mr. Dev Raj Adhikari
Chief Credit Officer



Mr. Sudeep Khanal
Regional Manager (Central)
Kathmandu



Mr. Umesh Bahadur Karki
Regional Manager (East)
Biratnagar



Mr. Jeeban Babu Subedi
Regional Manager (West)
Nepalgunj

HEAD OF DEPARTMENTS



Mr. Sushil K Sharma
New Business Group:
Business Development
& Marketing



Mr. Binod Dhungel
Credit Department
Corporate Credit



Mr. Suraj Manadhar
Credit Department
SME and Retail



Mrs. Soma Roy Gupta
Central Operations



Mr. Kamal Ram Bhattarai
Reconciliation



Mr. Shreedhar Adhikari
Compliance Cell



Ms. Damayanthi Joshi
Human Resources



Mr. Lekha Nath Pokharel
Internal Audit



Mr. Santosh K Bhandari
Finance & Planning



Mr. Bigyan Adhikari
Management
Information System
(MIS)



Ms. Aparna Sharma
Procurement,
Premises Renovation,
Documentation and Office
Administration



Mr. Kishor Rijal
Credit Administration



Mr. Vikas Budhathoki
Information
Communication
& Technology



Mr. Prabin Acharya
Cards & E-Banking



Mr. Saurav Subedi
Forex and Treasury

Chief Managers



Mr. Arjun Nepal
Commercial Branch (Kathmandu)



Mr. Bishnu Dev Yadav
Durbar Marg Branch, Kesharmahal
(Kathmandu)



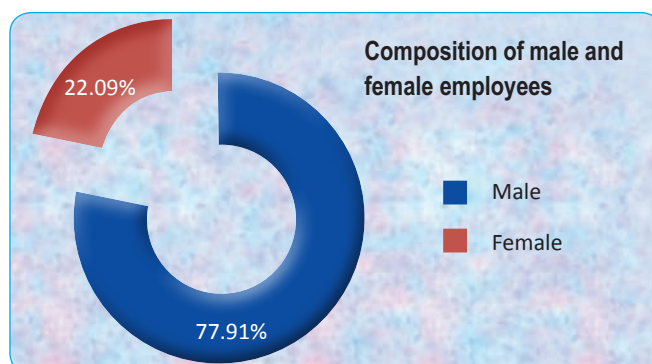
Mr. Ramesh Ghimire
Head, Law and Shares
& Company Secretary

HUMAN RESOURCES & INDUSTRIAL RELATIONS

An organization cannot build a good team of working professionals without good Human Resources. The key functions of the Human Resources Management (HRM) team include recruiting people, training them, performance appraisals, motivating employees as well as workplace communication, workplace safety, and much more. Nepal SBI Bank believes that our Human Resources are the root of the success and effectiveness of our Organization. Our people are the key factor that differentiates us from other banks in Nepal. Our employees come from diverse backgrounds in education, language and culture. Ranging from Science and Technology to the Liberal Arts, from Maithili as the mother tongue to Doteli, and being as rich as the Nepali culture itself; we have a workforce that stands as one to lead the banking industry. Till end of the fiscal year we have a skilled and dedicated team of 679 employees. Out of which a number of female employees in the Bank is 150 which comprises 22.09 percent of the total workforce.

Composition of male and female employees ranging from assistant to managerial cadre as on 15.07.2016 is presented below.

S.No.	Staff Category	Male	Female	Total
1	Managerial Level	53	5	58
2	Officer Level	195	74	269
3	Assistant Level	191	69	260
4	Support Level	90	2	92
Total		529	150	679



Composition of male and female employees at different level



Bank always believe in equity in diversity. Bank has zero tolerance towards harassment, partiality or biasness at the workplace. As a result, no complaints regarding the harassment & partiality have been filed till date.

Bank understands that training and development has direct relation with the productivity and motivation of the employees. In order to develop and empower the employees, Bank has provided various trainings internally (in-house) and externally. During the year 2072-73, Bank has conducted 63 training programs in which 540 employees were trained.

Training and Development Program conducted during the year 2072-73

Trainings	Number	Number of Staff Participated
In-house/Internal	20	1062
Outsourcing/External	43	104
Total	63	

*No. of staff may have been repeated since it includes sum of no. of participants in each training and it also includes IBOs and Directors. Total no. of staff who have participated in training in FY 2072-73 is 540.

Because of our focus on employee development, growth and their well-being, our relations with the union remained harmonious during the year.

BUSINESS PROMOTION AND SOCIAL RESPONSIBILITY INITIATIVES

Being a socially responsible organization, Your bank has been a pioneer in the space of corporate Social Responsibility (CSR) and involving its entire team towards CSR initiatives on health, environment, education, security, Workplace, Sports & Culture, Natural Calamities. Disaster etc We believe in supporting and cooperating to the less fortunate and underprivileged members of the society to make sustainable social change in their lives.

Nepal SBI Bank has always contributed toward the well being of society. Bank always does the business behaving ethically and legally and contributed to the economic development while improving the quality of life of its employees and their families as well as of the local community and society at large.

Bank always tries to limit its impact on the environment through limiting the consumption of energy, limiting emission of carbon footprint, reuse and recycle, etc..

a. Nepal SBI Bank Ltd has donated book shelves to Ratna Pustakalaya located at mid-Baneshwor of Kathmandu.



Ms. Hasana Sharma, chairperson of the Nepal SBI Bank Ltd., handed over the book shelves to Shashi Bikram Rana, chairman of working committee of the library. On the occasion, Chairperson Sharma also acquired life-time membership of the library.

b. Nepal SBI Bank Ltd. Staff members collected and distributed clothes for more than 400 earthquake victims of Gumba VDC, Sindhupalchowk District



Nepal SBI Bank (NSBL) team with support materials, which was distributed to the Earthquake victims of Gumba VDC of Sindhupalchowk District.

c. Nepal SBI Bank Ltd. has supported the project of construction of main entrance gate (on the theme of UNESCO World Heritage Design) by Pashupati Area Development Trust (PADT)



Glimpse of the foundation stone laying ceremony for the construction of the gate attended by Chief guest Shri Anand Pokharel (Chairman PADT, Minister of Civil Aviation, Culture & Tourism, Government of Nepal), and Shri B. Sriram, MD (CBG) of State Bank of India amidst the function along with the bhimpujan by priest of Pashupatinath Temple. The Shilanyas ceremony for the construction of artistic gate was witnessed by high ranking officials of Pashupati Area development Trust (PADT), Shri Anukool Bhatnagar, Managing Director (CEO), Shri Vijay Kumar Tyagi, Chief Operating Officer (Dy.CEO), Shri Priya Ranjan, Chief Financial Officer, Shri Chhapi Raj Pant, Chief Risk Officer, Shri Dev Raj Adhikari, Chief Credit Officer and other officials of Nepal SBI Bank Limited and other invitees



Group photo after laying of foundation stone for the construction of the gate at Pashupatinath temple area, attended by Chief guest Shri Anand Pokharel (Chairman PADT, Minister of Civil Aviation, Culture & Tourism, Government of Nepal), and Shri B. Sriram, MD (CBG) of State Bank of India in presence of officials of Pashupati Area development Trust (PADT), Shri Anukool Bhatnagar, Managing Director (CEO), Shri Vijay Kumar Tyagi, Chief Operating Officer (Dy. CEO), Shri Priya Ranjan, Chief Financial Officer, Shri Chhapi Raj Pant, Chief Risk Officer, Shri Dev Raj Adhikari, Chief Credit Officer and other officials of Nepal SBI Bank Limited and other invitees.

d. Nepal SBI Bank Ltd. contributed Rs. 123 million to Prime Minister Disaster Relief Fund

We always shared our hands for the relief and rehabilitation of the people who were the victims of the unprecedented natural calamities. Bank's initiation for collection of donation for the relief and rehabilitation of the Earthquake victims resulted in collection of huge amount of fund and this has been appreciated by the Prime Minister of Nepal.



Nepal SBI Bank Ltd. has contributed Rs. 123 million to the Prime Minister Disaster Relief Fund. Managing Director and Corporate Banking Chief of the State Bank of India, Shri. B. Sriram handed over a cheque amounting Rs. 52.10 million to Prime Minister KP Sharma Oli at the latter's Official Residence, Baluwatar. The bank collected the money as a part of its Corporate Social Responsibility (CSR) initiatives. The bank had contributed Rs. 71 million to the fund last year. The contribution of Rs. 123 million is the highest amount contributed by the banks. Deputy Managing Director of SBI Bank, Shri. Siddhartha Sengupta and Chief General Manager, Shri Sujit Kumar Varma, Nepal SBI Bank's Directors, Shri Niranjana K Tibrewala and Shri. Sanjaya Kumar Sureka, Managing Director, Shri. Anukool Bhatnagar, COO and deputy CEO, Shri. Vijay Kumar Tyagi and officials of the bank were present on the occasion.

e. Nepal SBI Bank donated Two High Pressure Cleaning Machine to Pashupati Area Development Trust (PADT)



A glimpse of handover ceremony of cleaning equipments to Pashupati Area Development Trust (PADT) through its Pashupati Extension counter to keep the Pashupatinath temple area clean and tidy. The bank has also assisted PADT in maintaining the cleanness at Pashupatinath Temple area by providing ten trained cleaners for a period of 5 years. Shri B. Sriram, Managing Director and Corporate Banking Group from banks foreign promoter State Bank of India handed over the cleaning machine to Shri Govind Tandon, Member Secretary of Pashupati Area Development Trust amidst a ceremony.

f. Nepal SBI Bank Limited Extends Support of Rs. 3.30 Lakhs to Nandi Madhyamik Vidhyalaya, Naxal, Kathamndu



As a part of social responsibility initiatives, Nepal SBI Bank Ltd. has provided scholarship to top 30 meritorious financially downtrodden students (15 from 2071 and 15 from 2072 Batch) who had completed their SLC graduation in the year 2071 B.S. and 2072 B.S of Shree Nandi Madhyamik Vidhyalaya, Naxal for persuing their higher education. The bank has been providing the scholarship since last 7 years and hopefully that it is assisting needy students to some extent in pursuing their higher level of education.

NSBL ACTIVITIES



NSBL Adventure Club: In order to familiarize NSBL to the general public NSBL Adventure Club was formed and first adventure program was conducted at Swoyambhu Nath Temple area on 30.01.2016. MD & CEO, CFO, CCO, Department head and other staff members of the bank participated in the program.



Glimpse of NSBL Friday Forum dated 29.01.2016 with Banks prestigious customer and special guest, Founder and Executive Director of Deurali- Janta Pharmaceutical P. Ltd. Mr. Hari Bhakta Sharma.



Inauguration of corporate office (New Premises) by Mr. Siddhartha Sengupta Dy. MD & GE (IBG), State Bank of India, Mr Sujit Kumar Varma, CGM (IB) State Bank of India, Mr Vijay Kumar Tyagi, GM (R & S) State Bank of India, and Mr Krishna Prasad Acharya, Chairman of Nepal SBI Bank Limited.



Managing Director of Nepal SBI Bank Limited, Mr Anukool Bhatnagar addressing Round table meeting organized by Confederation of Indian Industry (CII) to discuss “Issues faced by Indian Businesses in Nepal” on Monday, 13th June 2016 at CII Headquarters, 23 Institutional Area, Lodi Road, New Delhi. The meeting will also dwell upon the Industry views/suggestion on India Nepal Trade Treaty which would be under consideration for renewal by both the Governments shortly. As per the organizer, the recommendations of this Round Table would be submitted to Government of India for their consideration. The meeting was Chaired by Managing Director of Nepal SBI bank Limited.



ICRA Nepal Limited has assigned issuer rating of “[ICRANP-IR] AA” (pronounced ICRA NP Issuer Rating Double A) to Nepal SBI Bank Limited on 15th July 2016. “[ICRANP-IR] AA” rating is considered as high credit quality rating assigned by ICRA Nepal and the rated entity carries low credit risk.

Inauguration of e-Corner at Durbarmarg Main Branch, Kesharmahal



Nepal SBI Bank Ltd. inaugurated e-Corner at Durbar Marg Branch Kesharmahal Kathmandu. The program was inaugurated by Shri. B. Sriram, MD (CB), State Bank of India, Shri. Siddhartha Sengupta, Dy. MD (IBG), State Bank of India and Shri. Sujit Kumar Varma, CGM (IB), State Bank of India, and Shri. Gaurav Tandul, Brigadier General, Nepal Army amidst a program held at Durbarmarg Branch, kesharmahal, Kahmandu.



Joint photo with Shri. B. Sriram, MD (CB), State Bank of India, Shri. Siddhartha Sengupta, Dy. MD (IBG), State Bank of India and Shri. Sujit Kumar Varma, CGM (IB), State Bank of India, Board of directors, management team and guest of nepal SBI Bank Ltd after inauguration of e-corner at Kesharmahal, Kathmandu.



Glimpse of recently inaugurated Nepal SBI Bank Limited Corporate Office, Keshar Mahal, Kathmandu (New premises)



Shri. B. Sriram, MD (CB), State Bank of India enquiring about recently installed CDM Machine of Nepal SBI bank limited, at Durbarmarg Main Branch, Kesharmahal, Kathmandu after inauguration ceremony.

Inauguration of Nepal SBI Merchant Banking Subsidiary: Nepal SBI Merchant Banking Ltd. (NSMBL)



Glimpse of Inauguration ceremony of wholly owned subsidiary of Nepal SBI Bank, Nepal SBI Merchant Banking Ltd. (NSMBL) at Durbar Marg Branch, Kesharmahal Kathmandu, which was inaugurated Shri. B. Sriram, MD (CB), State Bank of India, Shri. Siddhartha Sengupta, Dy. MD (IBG), State Bank of India and Shri. Sujit Kumar Varma, CGM (IB), State Bank of India

Launching of NSBL Payment Gateway, Remote opening of 2 branches (Kawasoti Branch and Manigram Branch), NSBL's ATM utilities, Mobile banking with rebranding "Mero Saathi" and Mobile ATMs (Kathmandu and Pokhara)



His Excellency Ranjit Rae, Ambassador of India to Nepal, Shri Narayan Prasad Paudel, Executive Director of Nepal Rastra Bank, Shri B. Sriram, MD (CBG), Shri Siddhartha Sengupta, DMD (IBG) & Shri Sujit Kumar Varma, CGM (IB) of State bank of India, jointly inaugurated NSBL Payment gateway, Remote opening of 2 branches (Kawasoti Branch and Manigram Branch), NSBL's ATM utilities, Launch of Mobile banking with rebranding "Mero Saathi" and Mobile ATMs (Kathmandu and Pokhara) amidst a function organized at Annapurna Hotel, Kathmandu witnessed by NSBL directors, invited guests, Shri Anukool Bhatnagar, Managing Director (CEO), Shri Vijay Kumar Tyagi, Chief Operating Officer (Dy. CEO), Shri Priya Ranjan, Chief Financial Officer and other senior officials of the bank.

Launching of Merchant Acquiring Business (POS Terminal) & NSBL Payment Gateway Phase II (India to Nepal)



Launching Ceremony of two new products viz. NSBL Payment Gateway Phase-II (India to Nepal) and Merchant Acquiring Services (POS Terminal) by H.E Shri Ranjit Rae, Ambassador of India to Nepal and Shri Siddhartha Sengupta, DMD (IBG) in the presence of Shri Chinta Mani Siwakoti, Deputy Governor, Nepal Rastra Bank, Shri. Sujit Kumar Varma, CGM (IB), and Shri Vijay Kumar Tyagi, GM (R & S), IBG State Bank of India, in a ceremony held at Hotel Del-Annapurna, Kathmandu. (Date: 22.12.2016 Place: Kathmandu, Nepal)



Shri. Siddhartha Sengupta, Dy. MD (IBG), State Bank of India addressing the launching ceremony of two new products viz. NSBL Payment Gateway Phase-II (India to Nepal) and Merchant Acquiring Services (POS Terminal) of Nepal SBI Bank Ltd.

Stone Laying Ceremony of Fewa Lake Beautification Project under CSR activity of Nepal SBI Bank Ltd.



Photograph of Shri Siddhartha Sengupta, Dy. MD (IBG) and Shri. Sujit Kumar Varma, CGM (IB), State Bank of India with guests and other Staff Members of the bank taken at the Foundation Stone laying ceremony for construction works of Fewa Lake Beautification Project, Pokhara, Nepal under CSR activity of the Bank (Date: 23.12.2016 Place: Pokhara, Nepal)



Shri Siddhartha Sengupta, Dy. MD (IBG) State Bank of India, Mumbai, addressing the foundation stone laying ceremony for construction works of Fewa Lake Beautification Project at Barahi Ghat, Fewa Lake, Pokhara, Nepal. (Date: 23.12.2016 Place: Pokhara, Nepal)



Group photo with Shri Siddhartha Sengupta, Dy. MD (IBG), Shri. Sujit Kumar Varma, CGM (IB), and Shri Vijay Kumar Tyagi, GM (R & S), IBG State Bank of India with guests and Management Team of Nepal SBI Bank Ltd. during the foundation stone laying ceremony for construction work of Fewa Lake Beautification Project at Barahi Ghat, Fewa Lake, Pokhara, Nepal under CSR activity of the Bank (Date: 23.12.2016 Place: Pokhara, Nepal)

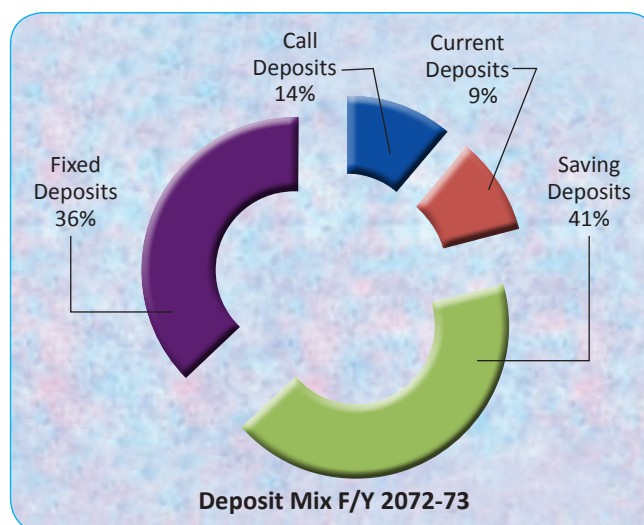
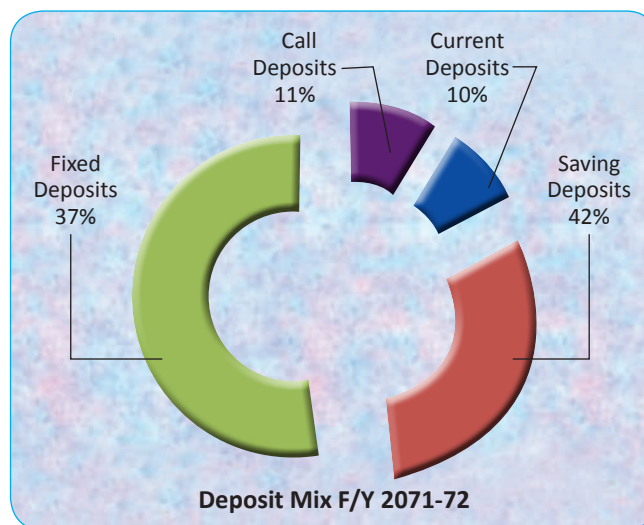


Group photo of NSBL staff members after inauguration of 2 Mobile ATMs (Kathmandu and Pokhara) of Nepal SBI bank Limited.

PRODUCT AND SERVICES

Nepal SBI Bank offers a diverse range of products and services to its valued customers to cater their different needs ranging from deposits, lending, trade finance and remittances etc. The bank's deposit product portfolio encompasses customer tailored saving deposits, fixed deposits, call and current deposits. The lending product portfolio includes commercial loan products such as demand loans, cash credits, overdrafts, trust receipts and term loans etc, whereas a complete portfolio of personal and retail credit products are also provided by the bank. Non-fund based products such as bank guarantees and letters of credit are also available to the bank's customers. Our bank's mobile banking, e-banking, mortgage plus loan are quite popular product /services in the market. The bank is continuously launching and catering new technology based banking product to its valued customers.

With the presence in 32 districts of the country through a wide network of 62 branches, 7 extension counters, 3 regional offices, 93 ATMs, and inclusion of alternative delivery channels like mobile banking, internet banking, cards, etc. Nepal SBI bank aim to provide banking service to the maximum population and cater all the banking solutions of our customers. Bank always focuses on introducing innovative products and services, redesigning existing products & services as per the



specific requirement of its customers and providing modern technology based international standard customer service.

Composition of Deposit:

Rs. in Billion

S.No.	Deposit Mix	F/Y 2070-71	F/Y 2071-72	F/Y 2072-73
1	Current Deposits	4.54	5.34	6.19
2	Saving Deposits	16.61	21.48	26.82
3	Fixed Deposits	28.57	19.14	23.02
4	Call Deposits	4.77	5.67	9.17
Total		54.49	51.63	65.2

DEPOSIT PRODUCTS

Your Bank values the expectations and needs of its customers and has adequate product line up to cater to their specific requirements. The savings bank account is normally the first on-board facility availed by a customer and the referral point for all future services from the Bank. Several variants

of savings bank account are available to meet the specific needs of individual customers, prominent amongst them are:

NSBL Baal Bachat Khata

A scheme designed to inculcate savings habits among the children below the age of 16 years. Targeted at minors, this scheme can be opened in the name of minor but operated by their parents or guardians. Product offers the benefits of concession on issuance of Visa Debit Card, free annual charge of internet banking, free mobile banking service, etc.

**बचत गर्ने असल बानी
सानै देखि सिकौं है बाबु-नानी !**

एनएसबिएल
बाल बचत
खाता

उज्ज्वल प्रविष्यको
लगाउ उतम सुरुवात !

विशेषताहरू*:

- १६ वर्षभन्दा मुनिका बालबालिकाहरूका लागि खाता ।
- न्यूनतम मौज्दात रु. ५०९/- मात्र ।
- एटिएम तथा डेबिट कार्ड जारी गर्दा विशेष छुट ।
- नि : शुल्क एसएमएस/मोबाइल बैंकिङ तथा ईन्टरनेट बैंकिङ सुविधा (एलट तथा ईन्क्वाइरी सुविधा मात्र) ।
- बाबुआमा/अभिभावकको खाताबाट बाल बचत खातामा रकम रकमान्तर गर्ने स्थायी निर्देशन दिदा शुल्क नलाम्ने ।
- बाबुआमा/अभिभावकद्वारा खाता सञ्चालन गर्न सकिने ।

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Karnadhaar Bachat Khata

This scheme is targeted at children above age of 10 years but below 16 years, who can read & write and can sign uniformly. The account can be opened in the name of minor in the presence & guidance of his or her parents or guardians and can be operated by the minor with certain restrictions. Product offers the benefits of concession on issuance of Visa Debit Card, free annual charge of internet banking, free mobile banking service, etc.

NSBL Nari Bachat Khata

Female above 16 years of age can open this account with minimum balance of Rs. 500/- and can earn attractive interest returns in their savings. Under

**एनएसबिएल
नारी बचत खाता**

हरैक नेपाली नारीको लागि आकर्षक बचत खाता ।

विशेषताहरू*:

- १६ वर्षभन्दा माथिका नारीहरूका लागि खाता ।
- न्यूनतम मौज्दात रु. ५००/- मात्र ।
- एटिएम तथा डेबिट कार्ड जारी गर्दा विशेष छुट ।
- एसएमएस/मोबाइल बैंकिङ तथा ईन्टरनेट बैंकिङ सुविधा ।
- सानो लकर सुविधामा २५% छुट ।

(सानो माइक्रो लकर सुविधा उपलब्ध भएको अवस्थामा मात्र यो शर्त लागू हुनेछ) ।

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this scheme customers can get facilities like; free cheque book, concession on locker rental charge, concession on issuance of Visa Debit Card, free annual charge of internet banking, etc.

NSBL Combo Savings Scheme

This is a merge variant of two products of the Bank; Savings Bank Public and NSBL Mobile Banking Service. In this scheme account can be opened at zero balance and customer has to avail the Mobile Banking service mandatorily.

Saral Bachat Khata

The product with low minimum balance requirement of Rs. 501/- is a most popular deposit scheme having customer base of more than 3.10 lacs. This scheme is targeted towards mid to low income group of people.

Indreni Bachat Khata

Under this scheme, customer gets the benefits of higher interest rate for maintaining higher balance in the account. The scheme offers free internet banking, any branch banking, concession on remittance facilities etc.

Vishesh Bachat

Vishesh Bachat Scheme is offered with attractive interest rate and high minimum balance requirement targeted at High Networth Individuals. The scheme offers bundle of additional benefits like free internet banking, Visa debit card, any branch banking, concession on remittance facilities and locker rental charge etc.

Varistha Nagarik Bachat

Individuals of 50 years and above are eligible to open account in this scheme. Customers are provided with added benefits like any branch banking service, Visa debit card, discount on locker rental charge and at the same time higher rate of interest. Customers who open Fixed Deposit

under VaristhaNagarik Scheme are paid interest at monthly interval.

Karmachari Bachat Khata

This product is aimed at salaried employees from government and non-government organizations including security personnel. Under the scheme, salaried employees can open savings account with us and enjoy concessional benefits on various services.

Savings Scheme for Nepal Army

This account is designed for serving personnel of Nepal Army. It has features like; free issuance of Visa Debit Card, free annual charge of internet banking, free stop payment of cheques, no fees on cheque destroy, free good for payment etc.

Savings Scheme for Nepal Police and Armed Police Force

This account is designed for serving personnel of Nepal Police or Armed Police Force. It has features like; Free issuance of Visa Debit Card, free annual charge of internet banking, free stop payment of cheques, free good for payment, free registration of Standing Instructions etc.

Students Savings Account

This scheme has been introduced with an objective to inculcate saving habits in the students. Under this scheme any student can open savings account with zero minimum balance.

Shareholders' Account

Shareholders of our Bank are eligible to open account under this scheme. The account does not have minimum balance requirement. Dividends paid by the Bank can be credited to the account directly.

Apart from the savings schemes, the Bank offers Business Current Account and Personal Current

Account. Term deposits facilities like Recurring Deposit and Fixed Deposit offer competitive interest rate. Provident fund account facility for permanent staff of organizations is also available wherein the interest rate is higher compared to savings account. Call deposit account facility is available with attractive interest rates and unlimited withdrawal facility.

DEPOSIT MOBILIZATION ACTIVITIES

Your Bank shows significant move away from high cost bulk deposits by consistent focus on CASA (Current Account & Saving Account) and retail deposits. The bank is launching regular campaign for CASA deposit, internet banking, mobile banking, ATM card penetration etc. Various Campaign was also launched for promoting and generating awareness towards our technology products like SMS/mobile banking and internet banking etc.

LOANS AND ADVANCES

To cater to the credit requirements of our large and diversified clientele base, we have wide range of loan products. Working capital loan, term loan, personal loan, mortgage loan, trade finance solutions etc. are available to fulfill the varied needs of the customers. Some of our key loan products are:

Corporate and Business Loans

The Bank offers loans to large corporate and institutional customers including public sector entities to meet funding requirements ranging from service related to strategic expansions, project finance etc.

SME Convenient Loan

Small & medium Enterprises (SME) is vital to the economic growth of the country. The sector not only generates employment but also stands auxiliary to big industrial/corporate projects. SME Convenient loan is a customized loan

product designed to meet the financing needs of manufacturing, trading, business enterprise and self employed professionals in Small and Medium Enterprise (SME) sector.

Mortgage and Mortgage Plus

These products offer personal credit on easy terms to individuals on the basis of their income level and value of mortgaged property. Simplified loan processes and quick turn-around time ensures smooth delivery to the customer.

Other Retail Loans

Other retail loans largely comprise of auto finance, home loan, education loan, credit for consumer durables, loan for retired Nepalese pensioners of Indian Armed Forces etc.

Besides these, the Bank also provides Trust Receipt loans, Pre-shipment and Post-shipment credit and non-fund based facilities like Letter of Credit and Bank Guarantees etc.

REMITTANCE

The Bank offers easy, convenient and safe international and domestic money transfer facilities. We have wide reach in the country through our extensive branch network and more than 3600 instant payout location of Prabhu Money Transfer (our remittance partner), which ensure delivery of remittance proceeds to beneficiary in quick time and hassle-free manner.

Some of our popular remittance products are:

SBI Nepal Express Remit

Remittance through Electronic Fund Transfer (EFT) mechanism provides money transfer facility at minimal cost to Nepali migrant population residing and working in India. Remittance can be originated through more than 16,500 branches of State Bank of India located in various parts of India. We

receive more than 450 remittances on an average per working day.

Indo-Nepal Remit

The product was introduced by Reserve Bank of India in consultation with Nepal Rastra Bank on Electronic Fund Transfer (EFT) platform for smooth and speedy remittance from India to Nepal. Remittance can be originated through more than 117,000 NEFT enabled branches of various Banks in India.

SBI Express Remit Gulf-Nepal (GLS)

A new remittance scheme has been introduced for providing easy, convenient and safe international

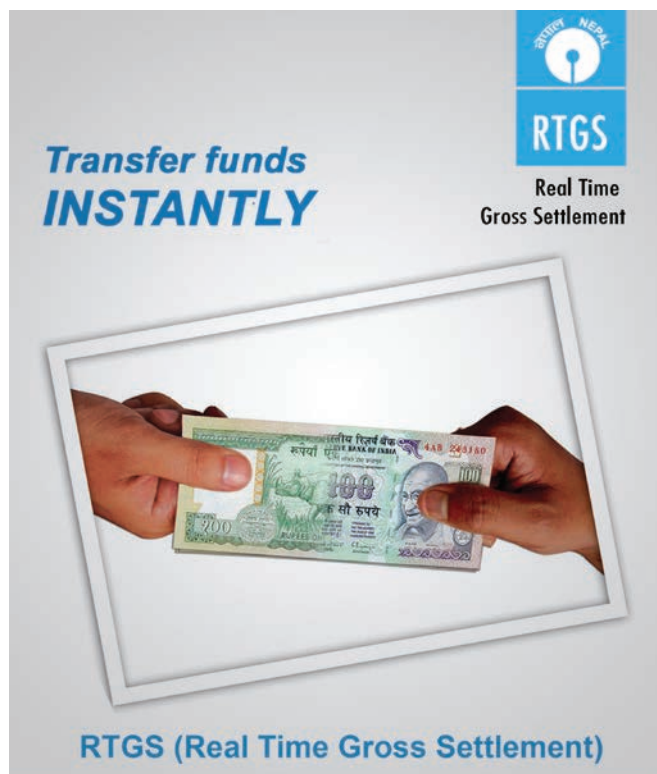
money transfer service from Exchange Houses in gulf countries to our customer's account on Straight Through Process (STP) enabled model.

RTGS

Real Time Gross Settlement is a product from which customers can send Remittance to India at a real time in more than 75,000 branches of 106 banks in India.

Domestic Remittance Service

Bank started domestic remittance service in partnership with Prabhu Money Transfer. This product allows customers to send and receive money to and from any part within the country.



Transfer funds INSTANTLY

RTGS
Real Time Gross Settlement

RTGS (Real Time Gross Settlement)

Nepal SBI Bank offers Online transfer of funds to India through its Core Banking Network/ NEFT Platform. You can now instantly transfer funds to the beneficiary's account with any branches of State Bank of India(SBI) as well as other banks.

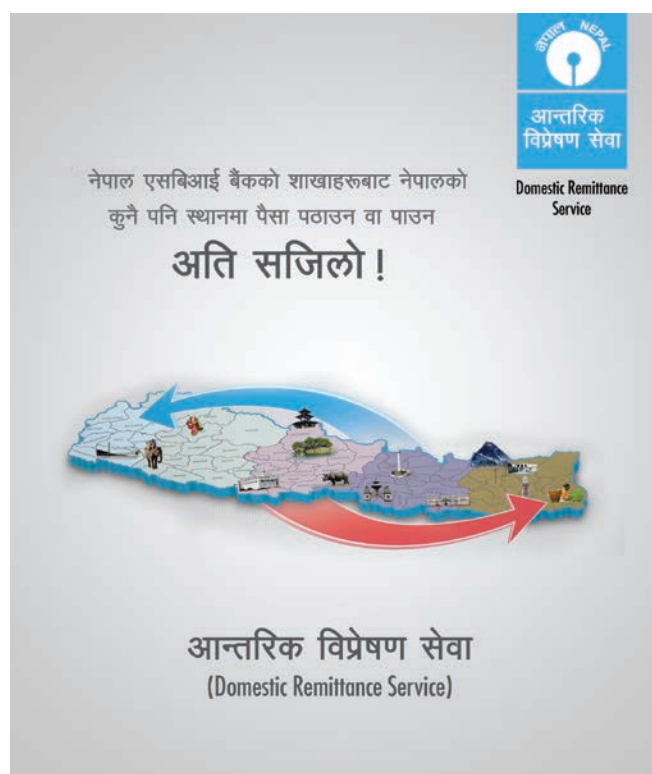
Features:

- Instant transfer of funds to India.
- Minimum service charge.
- Electronic fund transfer facility.
- Funds can be directly transferred to 83 banks and 44000 branches of banks in India.
- Saves time and courier charge.



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आन्तरिक विप्रेषण सेवा
Domestic Remittance Service

नेपाल एसबिआई बैंकको शाखाहरूबाट नेपालको कुनै पनि स्थानमा पैसा पठाउन वा पाउन अति सजिलो !

आन्तरिक विप्रेषण सेवा
(Domestic Remittance Service)

विशेषताहरू:

- सजिलोसँग नेपाल भरि पैसा पठाउन वा पाउन सकिने ।
- प्रभु मनि ट्रान्सफरको ३५०० भन्दा बढी एजेन्टहरू मार्फत नेपाल भित्र पैसा पठाउन वा पाउन सकिने ।
- नेपाल एसबिआईमा खाता खोले सिधै रकम जम्मा गर्न सकिने ।



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CARD PRODUCTS

Nepal SBI Debit Card

This is ATM cum Debit card which can be used for cash withdrawal as well as for merchandise payments at more than 6,00,000 merchant outlets in Nepal and India. NSBL Debit Card users can have access to 85 ATMs of NSBL and other VISA enabled ATMs all over the country and in India at nominal charge.

Bharat Yatra Card

Popularly known as BYC, this is a Nepalese Rupees denominated pre-paid card suited for Nepalese

Fly around the world With our Vishwa Yatra Card

VBV (Verified by VISA) Enabled

VISHWA YATRA CARD

NEPAL SBI BANK LTD.

0000 0000 0000 0000

MONTH/YEAR 02/17

VISHWA YATRA CARD

www.nepalsbi.com.np/vyc

Break free from the hassles of carrying cash or Traveller's Cheques while travelling abroad. Be assured of a secure transaction every time with VISA Pre paid USD card, which is an EMV Certified "Chip Card"

Features:

- Worldwide acceptance except Nepal and India.
- Can be used for cash withdrawal at VISA ATMs and for merchandise payment.
- Cash withdrawal in the local currency of the country.
- Instant availability.
- Safe and secure.

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For more information please contact: 977-1-4423375

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Reliable & Widespread SBI Group Network of over 51,000 ATMs

Bharat Yatra Card
Your Ticket to India at Competitive Rates

Vishwa Yatra Card
US Dollar Card to Travel Across the Globe

Book your Tickets Online

- *IRCTC Online for
 - Indian Railways Tickets
 - International Flights
 - Online Shopping
- *mytrip2nepal.com for Domestic Airlines Tickets

WE ACCEPT

VISA, MasterCard, American Express, JCB, Diners, UnionPay

INTERNATIONAL CARDS

NEPAL SBI BANK LTD.

Please Remember Us for:

Credit Facilities on Easy Terms

- Home Loan
- Vehicle Loan
- Personal Loan
- Business Loan
- Education Loan etc.

Various Deposits Schemes

- Karmachari Bachat Khata
- Saral Bachat Khata
- Varishidha Nagarik Bachat Khata
- Vidheshi Bachat Khata
- Fixed Deposits etc.

Other Services

- Mobile Banking/Wallet Service
- ATM cum Debit Card
- Bharat Yatra Card
- Vishwa Yatra Card
- Internet Banking Service etc.

population visiting India for medical treatment, pilgrimage, education, tours etc. The card can be used for cash withdrawal at all Sate Bank ATMs and VISA enabled ATMs in India. BYC was launched in November 2008 and is able to attract substantial number of customers.

VishwaYatra Card

VishwaYatra Card, a CHIP based EMV compliant card, is a USD denominated international prepaid card which the customers can use for cash withdrawal in all the ATM terminals under VISA network in any part of the world (except Nepal and India) and also for merchandise payments. It provides safety, security and convenience to overseas travelers.

ALTERNATIVE DELIVERY CHANNELS

Mero Saathi -Mobile Wallet

Nepal SBI bank is the first leading Bank in the country to have received NRB's approval for Mobile Wallet service. The bank has recently renamed the mobile banking product as " Mero Saathi " with tag line "Mero Mobile mero Biswas " to make it more popular among our existing and prospective customers. It is premium mobile banking service that can be operated through mobile phone. The service has become instrumental not only in bringing previously unbanked population into the formal banking channel but also to add convenience to serving existing customers. Nepal SBI Bank is among a few commercial banks in Nepal which have come out with a complete range of services to Mobile Banking and Mobile Wallet System.

Mero Saathi -Mobile Sakha

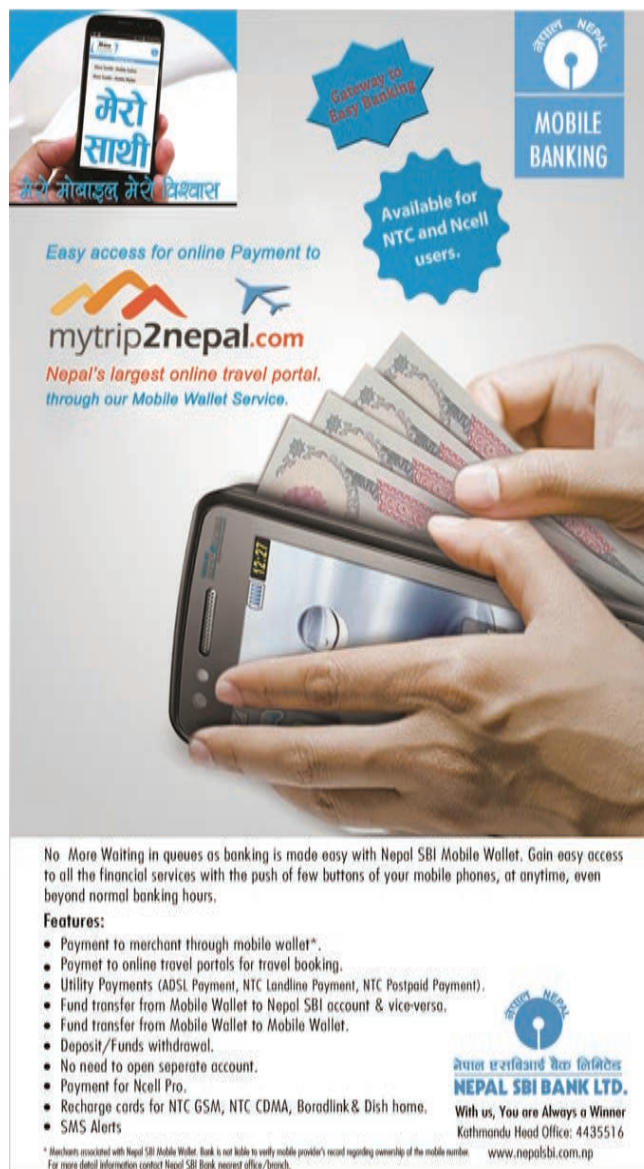
Mero Saathi -Mobile Sakha is mobile based banking service delivery channel which allows customers access to various banking services like fund transfer, balance enquiry, utility bill payments, statement request, alert services, NT's GSM and CDMA Recharge PIN purchase, Broadlink & DishHome Recharge PIN purchase, etc. Presently the service is available to both NT (Nepal Telecom) and Ncell users.

Internet Banking

Internet Banking is available through www.nepalsbi.com.np/content/e-banking.cfm for both retail and corporate customer of the Bank. This online banking channel provides access to banking services 24x7 from anywhere. E-statement, Fund transfer, utility bill payments, Indian railway ticket booking etc. are available on the internet banking platform.

IRCTC Ticket Online Booking Utility

This product was launched in February 2014 with



Easy access for online Payment to
mytrip2nepal.com
Nepal's largest online travel portal, through our Mobile Wallet Service.

Features:

- Payment to merchant through mobile wallet*.
- Payment to online travel portals for travel booking.
- Utility Payments (ADSL Payment, NTC Landline Payment, NTC Postpaid Payment).
- Fund transfer from Mobile Wallet to Nepal SBI account & vice-versa.
- Fund transfer from Mobile Wallet to Mobile Wallet.
- Deposit/Funds withdrawal.
- No need to open separate account.
- Payment for Ncell Pro.
- Recharge cards for NTC GSM, NTC CDMA, Broadlink & Dish home.
- SMS Alerts

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* Merchants associated with Nepal SBI Mobile Wallet. Bank is not liable to verify mobile provider's record regarding ownership of the mobile number.
For more detail information contact Nepal SBI Bank nearest office/branch.

a view to facilitate hassle-free booking of tickets of Indian Railways. NSBL is the first and the only Bank outside India to offer this facility. With this utility, NSBL Internet Banking users can book tickets through IRCTC's Online Passenger Reservation System and can make payment through Nepal SBI Internet Banking.

Automated Teller Machine (ATM)

Nepal SBI Bank has one of the largest network of ATM terminals. Presently, the bank has 88 ATM



terminals (including 2 mobile ATMs for Kathmandu valley and Pokhara Valley) around the country. Our ATMs can also be used by holders of various International Cards.

AUXILIARY SERVICES

Safe Deposit Locker Services

Customers can deposit their valuable items in their safe deposit lockers. Presently, this service is available at 41 branches of Nepal SBI Bank Ltd.

Utility Bill Payment

Customers—both accountholders and non-accountholders—of the bank can pay their telephone bills, ADSL bills at the bank's branches free of charge. This facility is also available at our Mobile Banking Service and Internet Banking service.

Fees and Premium Collection

Customers of the bank can pay their insurance premium, school and college fees at the bank's branches, of the organizations having agreement with us, free of charge.

New initiatives of Nepal SBI Bank Limited

Following new product and services were launched on last fiscal year.

Mobile Banking with Re-Branding:

- The bank has rebranded Nepal SBI Mobile Banking product as "Mero Saathi" with new tagline "Mero Saathi, Mero Bishwas". Which has become instrumental in familiarizing our mobile banking products in general public. The rebranded Mobile Banking/Wallet product with a Nepalese Name, "Mero Saathi" (Mero

Mobile, Mero Bishwas”), has added Nepalese flavor to the product and will help to build on the Mobile Banking clientele.

Launch of “NSBL Payment gateway:”

Above service facilitates transfer of funds/payments of imports/ INR Remittances (Outward Remittances) to any bank with RTGS/NEFT connectivity in India as well as inward remittances also. It is a cost effective electronic remittance channel and instant banking services based on reliable funds transfer system for transferring funds from Nepal to India and India to Nepal.



Features:

- Fastest money transfer system (Trade/Non Trade) through the
- banking channel.
- Instant banking services based on reliable funds transfer system.
- Direct credit to SBI beneficiaries in India.
- Fund can be transferred to all NEFT enabled branches in India.
- Transaction is settled on real time basis, guided by the settlement batch of RBI (in case of banks outside SBI Group).

Addition of ATM Utilities:

Your bank has introduced the following functionalities/utilities in our ATMs that would enhance the scope of our ATM cum debit cards.

- **Donation utility:** NSBL with the help of ITFO has developed donation utility through its ATM terminals. Through this utility NSBL Card holders can donate funds to PM’s Disaster relief Fund and Pashupati Area Development trust. It is facilitating online and hassle free collection of such donations/contributions for credit to the said Fund.

- **On boarding of Mobile Banking customers:** NSBL has developed a utility through which NSBL card holders can register for Mobile Banking using NSBL ATM terminals.
- **Fund transfer facility through NSBL ATMs** for collection of donations from devotees for credit to the accounts of Pashupati Area Development Trust (PADT).
- **Account to Account transfer:** Customers can transfer funds between their accounts linked with the ATM card through the use of this utility.

Launch of Mobile ATM facilities

- Your bank has launched Mobile ATMs in Kathmandu and Pokhara Valley, which covers points of festival gatherings, points of tourist congregation, additional outskirts (in case of necessity) etc. of these 2 Valleys, especially during the peak season.

Launch of e-Corner

The bank has been providing services through number of alternative channels such as ATM, E-Banking, Mobile banking etc. The bank has already rolled out CDM and SSK as well. All these utilities combined has created a unique experience for the customers of the bank wherein the customers will be able to enjoy services offered by the bank without any manual intervention at any time preferred by the customer. The e-Corner at Durbar Marg Main Branch, Keshar Mahal includes following newly launched Technology Products Services:

- **Cash Deposit Machine (CDM):** The bank has installed CDM machine at Durbar Marg and Newroad branch which is quite easy way to Deposit Cash, and the processing is fast and efficient.
- **Self Service Kiosk (SSK):** The bank has installed SSK at e-corner of Durbar Marg branch, Keshar Mahal, Kathmandu having various easy banking facilities with Self operation user

friendly menu. Customers can avail the services like Account Statement, and Balance Inquiry Cheque Book request/ Collections, Recharge Card, Utility Payment, Internet Banking Registration, Mobile Banking Registration from the same machine.

D-Mat Accounts Opening Service

NSBL D-Mat Accounts opening facilities are available at all NSBL Branches. The account holder can avail the following facilities by maintaining their D-Mat Account.

Features:

- Opening of D-mat account in the name of security holders (Individual/ Company).
- Dematerialization and Re-materialization of securities.
- Electronic record of securities in Beneficial Owner (BO) accounts.
- Settlement of trade by transferring/receiving the securities from/into BO accounts.
- Quick electronic credit of securities allotted by issuers during IPOs, FPOs, Rights, etc.
- Timely deposit of stock dividends (such as: bonus, right shares, etc.).
- Simplified securities pledge.
- Up to date statement of D-mat account to the Beneficial Owner.



NSBL D-MAT ACCOUNT
एनएसबिएल डि-म्याट खाता

BE A SMART INVESTOR
HOLD YOUR SHARE CERTIFICATE
IN D-MAT FORM.

*Open D-MAT Account with
Nepal SBI Bank Ltd.*

Features*:

- Opening of D-mat account in the name of security holders (Individual/ Company).
- Dematerialization and Re-materialization of securities.
- Electronic record of securities in Beneficial Owner (BO) accounts.
- Settlement of trade by transferring/receiving the securities from/into BO accounts.
- Quick electronic credit of securities allotted by issuers during IPOs, FPOs, Rights, etc.
- Timely deposit of stock dividends (such as: bonus, right shares, etc.).
- Simplified securities pledge.
- Up to date statement of D-mat account to the Beneficial Owner.

*Conditions Apply

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For more detail, please contact Nepal SBI Bank, Keshar Mahal, Kathmandu at Ph: 01-4412743 or at any of nearest branches of NSBL.

CORPORATE GOVERNANCE

Nepal SBI Bank is committed to the best practices in the area of Corporate Governance in letter and in spirit. Compliance with all applicable legislation, regulations, standards and codes is an essential characteristic of organizational culture at Nepal SBI Bank. The board of directors (BODs) is the apex decision making body and has ultimate responsibility for governance.

DIRECTOR'S STATEMENT OF RESPONSIBILITIES

The Directors have pleasure in presenting the Annual Reports and Accounts for the fiscal year 2072-73, which includes business performance review, risk management and internal governance report, stakeholder's relation reports etc. Contents of this Annual Report, financial Statements, Significant Accounting Policies used and the Notes to Accounts of the Bank and the additional disclosures in the Annual Report designated as audited, and presented fairly as per regulatory requirements.

Risk management function is an ongoing process to identify, monitor and control the risks that are faced by the Bank. The Directors review this process through the deliberations of Risk Management Committee. Specific steps have been taken by the Bank in managing both banking and non-banking risks as detailed in the section on "Risk Management".

The Board of Directors has taken steps to oversee the implementation of an effective and comprehensive system of internal controls covering financial operations and compliance required to carry on the business of banking in an orderly manner, safeguard its assets and secure as far as possible the accuracy and reliability of the records.

The Bank's External Auditor, M/S P.L Shrestha & Co., Chartered Accountants, who were appointed in accordance with a resolution passed at the 22nd Annual General Meeting have expressed their opinion on presentation of financial statements and governance of corporate matters. As far as the directors are aware, the Auditors do not have any other relationship with the Bank. The Auditors do not have any interest in contracts with the Bank.

Bank carried out transactions as per objectives and functions detailed in the Memorandum of Association and Articles of Association of the Bank and there were no significant changes in the nature of principal activities of the Bank during the financial year under review. There has not been any material event that occurred subsequent to the date of the Balance Sheet that required adjustments to the financial statements.

The Directors, to the best of their knowledge and belief are satisfied that all statutory payments to the Government, other regulatory institutions and related to the employees have been made in time.

The Board of Directors has reviewed the Bank's Business plans and is satisfied that the Bank has adequate resources to continue its operations in the foreseeable future. Accordingly, the Financial Statements of the bank are prepared based on going concern concept.

a) The board and management

The Board is collectively responsible for the success of the bank. The directors are responsible for bringing independent judgment and scrutiny to decisions taken by the Board. The Board determines the strategic objectives and policies of the Bank to deliver long-term value, providing overall strategic

direction within an appropriate framework of rewards, incentives and controls.

The Board delegates the responsibility for the day-to-day management of the bank to the Managing Director and he is responsible for ensuring that the business operates effectively. The Chief Executive is the head of the Central Management Committee. The Bank has adequate Risk Management Structures and Systems, best suited to its various complexities of its business verticals and operations. The Management receives continuous support from number of management committees, including the Market Risk Management Committee, the Credit Risk Management Committee, the Operational Risk Management Committee, NPA Management Committee, Asset and Liability Management Committee and Credit Committee. The Board keeps regular oversight over the deliberations and minutes of the various committees.

b) The Audit Committee

The bank has an audit committee under the chairmanship of a director who is not involved in the day to day operations of the bank and consisting of at least three members. Among the three members one is non executive director, one is professional director & head of internal audit department as a member secretary. Committee reviews the accounts and financial statements regularly, internal financial control system & risk management system, supervise

& review the internal auditing activity of the bank & perform such other terms as prescribed by the BOD in respect of the accounts, financial management and audit of the bank. Audit committee gives suggestion to the BOD in the aforesaid areas in order to implement/maintain effective & efficient internal control system, risk management & sound financial management system.

During this fiscal year 2072/73 13 no. of audit committee meetings were held.

c) Risk Management Committee

The Risk Management Committee of the Board (RMCB) consists of 4 members, which is coordinated by one of the non-executive directors. The RMCB, as a subcommittee of the Board, regularly monitors appropriateness and adequacy of the existing risk identification and management system put in place in the Bank and makes recommendation for devising appropriate system and procedures. The Committee constantly reviews various risks associated with the business activities, including risks bearing capabilities and strategies required to manage and mitigate the concurrent as well as future risks and makes recommendation to the Board as to the appropriateness and adequacy thereof.

During this fiscal year 2072/73 7 (Seven) no. of RMCB meetings were held.

OUR NETWORK

Nepal SBI Bank Branch Network



BRANCHES / EXTENSION COUNTERS

INSIDE KATHMANDU VALLEY

- 1 Banepa
- 2 Bhainsepati, Lalitpur
- 3 Bhaktapur
- 4 Boudha
- 5 Commercial Branch, Lainchaur
- 6 Dallu
- 7 Durbar Marg Main Branch
- 8 EOI Ext. Counter, Lazimpat, Ktm.
- 9 Gaushala
- 10 Gongabu
- 11 Gwarko, Lalitpur
- 12 IVSC, Lazimpat, Ktm.
- 13 Kalanki
- 14 Kuleshwor
- 15 Maharajgunj
- 16 New Baneshwor
- 17 New Road
- 18 Pashupatinath Ext. Counter, Pashupati
- 19 Patan
- 20 Sinamangal
- 21 Teku
- 22 Thamel

OUTSIDE KATHMANDU VALLEY

- 23 Abu Khairani
- 24 Baglung
- 25 Banepa
- 26 Bardibas
- 27 Bargachhi
- 28 Bhairahawa
- 29 Biratnagar, Morang
- 30 Birauta
- 31 Birgunj, Parsa
- 32 Birtamod, Jhapa
- 33 Butwal, Rupandehi
- 34 CGI Ext. Counter, Birgunj
- 35 Chandranigahpur
- 36 Damak
- 37 Damauli
- 38 Dang
- 39 Dhangadi
- 40 Dharan
- 41 Gulmi
- 42 Hakimchowk
- 43 Hetauda
- 44 Ilam
- 45 Itahari
- 46 Janakpur
- 47 Kawasoti
- 48 Lahan
- 49 Kohalpur
- 50 Mahendranagar
- 51 Manigram
- 52 Manipal Ext. Counter
- 53 Myaglung
- 54 Narayangarh
- 55 Nepalgunj
- 56 Palpa
- 57 Parasi
- 58 Phidim
- 59 Pokhara
- 60 PPO Dharan
- 61 PPO Pokhara
- 62 Rampur
- 63 Ratnanagar
- 64 Sandhikharka
- 65 Shishuwa, Pokhara
- 66 Srijana Chowk, Pokhara
- 67 Surkhet
- 68 Tikapur
- 69 Waling

Corporate Office
Kathmandu

Regional Office (East)
Biratnagar

Regional Office (West)
Nepalgunj

Regional Office (Central)
Kathmandu

ATM LOCATIONS

INSIDE KATHMANDU VALLEY (27)

1. Army Camp, Chhauni
2. ATM Lounge Thamel
3. Babarmahal
4. BGSN Thamel
5. Bhainsepati
6. Bhaktapur
7. Bhatbhateni, Maharajgunj
8. Bhatbhateni, Tangal
9. Boudha
10. CDM Durbarg Marg
11. CDM New Road
12. Corporate Office, Hattisar
13. Dallu
14. Keshar Mahal - I
15. Keshar Mahal - II
16. Embassy of India
17. Gaushala
18. Gongabu
19. Gwarko
20. Jain Bhawan, Kamalpokhari
21. Kalanki
22. Kamaladi Ganeshthan
23. Kantipath - I
24. Kantipath - II
25. Kuleshwor
26. Maharajgunj
27. Makhan ATM Lounge
28. New Baneshwor
29. New Road - I
30. New Road - II
31. Sinamangal
32. Teku

OUTSIDE KATHMANDU VALLEY (51)

33. Abukhaireni
34. Baglung - I
35. Baglung- II
36. Banepa
37. Bargachhi, Biratnagar
38. Besisahar
39. Bhairahawa
40. Bhaktapur
41. Biratnagar - I
42. Biratnagar, Mahendra Chowk - II
43. Biraute
44. Birgunj - I
45. Birgunj-II
46. Birtamod
47. BPKIHS Dharan
48. Bus Park, Palpa
49. Butwal - I
50. Butwal - II
51. Butwal - III
52. Chandranigahapur
53. Dabur Nepal, Rampur
54. Damak
55. Damauli
56. Dang
57. Dhangadi
58. Dharan
59. Gulmi
60. Hetauda
61. Ilam
62. Itahari
63. Janakpur
64. Jawalakhel
65. Kawasoti
66. Kohalpur
67. Lahan
68. Lake Side, Pokhara
69. Lions Chowk, Narayangarh
70. Mahendranagar, Kanchanpur
71. Manigram
72. Manipal Hospital, Pokhara
73. Myanglung
74. Narayangarh - I
75. Narayangarh-II
76. Narayangarh BBSM
77. Nepalgunj
78. Parasi
79. Phidim
80. Pokhara, Mobile ATM
81. Pokhara - I
82. Pokhara - II
83. PPO Dharan
84. PPO Pokhara - I
85. PPO Pokhara - II
86. Ratnanagar
87. Sandhikharka
88. Shrijanachowk
89. Sishuwa
90. Sunauli
91. Surkhet
92. Tikapur
93. Waling

DISCLOSURE RELATED TO SUB RULE (2) OF RULE 26 OF SECURITIES REGISTRATION AND ISSUANCE REGULATION, 2073

1. Report of Board of Directors: Enclosed

2. Report of the Auditors: Enclosed

3. Audited Financial Details: Enclosed

4. Details relating to Legal Action

a. Law Suits filed by/against the Bank:

(i) 12 lawsuits have been filed by/against the Bank in respect to Credit/NPA and general matters.

(ii) No lawsuit has been filed by the Bank with DRT/ District Courts against different borrowers/guarantors for recovery of dues during the period.

B. Law Suits filed by/against the promoters/directors involving charge of regulatory violations or criminal offences: No information received by the Bank till date.

C. Case filed against any promoters/directors for financial fraud: No information received by the Bank till date.

5. Analysis of share transaction and progress of Organized Institution:

a. Management view on share transactions of the Bank on Nepal Stock Exchange:

As the Nepal Stock Exchange is operating under the supervision of Securities Board of Nepal, management has no comment on the same.

b. Maximum, minimum and closing share price of organized institution including total transacted number of shares and transacted days during the Year 2072-73 (as per the table):

Quarter (Months)	Maximum Share Price	Minimum Share Price	Closing Share Price	Total Transacted Number of Shares	Total Number of Trading Days
First Quarter (Ashwin End 2072)	1642	899	1400	480623	56
Second Quarter (Poush End 2072)	1646	1203	1565	312,845	57
Third Quarter (Chaitra End 2072)	1620	1226	1550	447,809	56
Fourth Quarter (Ashadh End 2073)	2020	1550	1875	711232	64

6. Problems and Challenges

a. Problems and Challenges Faced:

i. Internal:

- Pressure on Spread.
- Maintaining consistency in Return in Equity amidst increase in Capital.

ii. External:

- Volatile liquidity in the Market.
- Limited avenue for long term Lending and Investment.

b. Strategy followed by the management in solving such problems and challenges:

- Further Improvement in asset and liability management.
- Targeting good quality loan customers.
- Regular In-House training to enhance work performance.
- Good industrial relations.

7. Corporate Governance

i. The Bank has been complying with the directions, guidelines issued by NRB regarding Corporate Governance.

ii. Regular Central Management Committee Meetings, Operation Risk Management Committee, Market Risk Management Committee, NPA Management Committee, Credit Risk Management Committee, NBA Management Committee and Risk Management Committee to review progress in

various areas of operations.

- iii. Board of Directors and its Committees' (Audit Committee of the Board and RMCB) meeting are held on regular basis.
- iv. ALCO and Risk Management Committees (Operation, Credit and Market) meetings are held regularly.

Declaration of Chairman/Chief Executive on truthfulness, correctness:

I, as on date, personally take responsibility on the truthfulness of the information and description presented in this report. Further, I declare that as far as I know and understand, the descriptions in this report are true, fair and complete and have not concealed any necessary particulars, notices and information to the investors to take informed decision.

Anukool Bhatnagar

Managing Director & CEO

THREE COLUMNS FORMAT (TIN- MAHALE) OF THE AMENDMENTS IN THE MEMORANDUM & ARTICLES OF ASSOCIATION OF NEPAL SBI BANK LTD.

(Proposed to the 23rd Annual General Meeting)

Memorandum of Association

Clause/ Sub-clause	Existing Provision	Clause/ Sub-clause	Proposed Provisions	Reason for the Amendment
5.1 (b)	The Issued Capital of the Bank shall be Rs. 6,490,512,353.00 (Six Billion Four Hundred Ninety Million Five Hundred Twelve Thousand Three Hundred Fifty Three), which shall be divided into 64,905,123.53 (Sixty Four Million Nine Hundred Five Thousand One Hundred Twenty Three and Fifty Three) ordinary shares of Rs. 100 (Rupees One Hundred) each.	5.1 (b)	The Issued Capital of the Bank shall be Rs. 6,971,798,259.00 (Six Billion Nine Hundred Seventy One Million Seven Hundred Ninety Eight Thousand Two Hundred Fifty Nine), which shall be divided into 69,717,982.59 (Sixty Nine Million Seven Hundred Seventeen Thousand Nine Hundred Eighty Two and Fifty Nine) ordinary shares of Rs. 100 (Rupees One Hundred) each.	To increase the capital required for bank's business
5.1 (c)	The Paid-up Capital of the Bank shall be Rs. 6,490,512,353.00 (Six Billion Four Hundred Ninety Million Five Hundred Twelve Thousand Three Hundred Fifty Three).	5.1 (c)	The Paid-up Capital of the Bank shall be Rs. 6,971,798,259.00 (Six Billion Nine Hundred Seventy One Million Seven Hundred Ninety Eight Thousand Two Hundred Fifty Nine).	To increase the capital required for bank's business

The figure of the Issued and Paid-up Capital may change due to the Special Resolution no. 2 proposed in the AGM.

Articles of Association

29(b)	The meeting allowances to be paid to the Directors shall be as under: Chairman of the Board: Rs. 12,500/- per meeting Other Directors: Rs. 10,000/- per meeting. The members of the Board shall be paid meeting allowance as stated above for attending the meetings of the Board as also the meetings of any sub-committee(s) formed by the Board.	29(b)	The meeting allowances to be paid to the Directors shall be as under: Chairman of the Board: Rs. 15,000/- per meeting Other Directors: Rs. 12,500/- per meeting. The members of the Board shall be paid meeting allowance as stated above for attending the meetings of the Board as also the meetings of any sub-committee(s) formed by the Board.	To revise sitting allowances of Directors to make the same compatible to time.
29(d1)	The local Directors shall be provided newspapers and periodicals expenses of Rs. 10,000.00 every month. The payment may be made after recording of the amended clause with the Office of the Company Registrar (OCR).	29(d1)	The local Directors shall be provided newspapers and periodicals expenses of Rs.15,000.00 every month. The payment may be made after recording of the amended clause with the Office of the Company Registrar (OCR).	To revise newspapers and periodical expenses of Directors to make the same compatible to time.

SUMMARY STATEMENT IN REGARD TO COMPLIANCE OF ASSETS (MONEY) LAUNDERING PREVENTION ACT, RULES, DIRECTIVES, ORDERS AND POLICIES:

The Bank has formulated and implemented a comprehensive policy under the style of Nepal SBI Bank Ltd. Policy and Procedural Guidelines on Know Your Customer (KYC), Anti Money Laundering (AML) and Combating of Financing of Terrorism (CFT) Measures-2011. The policy was revised by the Board of the Bank on 26th June 2014. The bank has established a dedicated KYC/AML Cell headed by a Senior Manager level officer at Corporate Office. The KYC/AML Compliance Cell looks after overall matters relating to KYC/AML compliance issues including employee trainings. The Bank has designated KYC Compliance Officer/Money Laundering Reporting Officer (MLRO) in each of its Branch/Office/business Group to look

after KYC/AML issues at the relationship points. The Bank has submitted requisite reports to the concerned regulatory bodies within the specified deadlines and in the manner as prescribed in the relevant directives, laws, regulations etc. The Bank has maintained proper recording of the transactions as per the prevailing laws.

For effective implementation of the provisions of KYC Guidelines; AMLOCK Software also referred as FCDMS (Financial Crime Detection and Management Version) has been installed. AMLOCK profiles customers using the available static and transactional data and is integrated with the Bank's Core Banking System (CBS)' Finacle-10'. This helps in anticipating customer

behavior and identifying deviant activities. Further, generation of alerts in different scenarios based on all possible parameters (product wise, risk wise, transaction wise etc.), screening of transactions, monitoring of accounts/transactions and report generation has been made efficient.

Correspondent relationships have been managed keeping in view a risk-based approach. Internal Audit Department of the bank has conducted the KYC/AML

Audit of the Bank's Departments/Branches/Offices/ Extension Counters to ensure that the provisions of the AML laws, rules and directives are fully complied with. The Annual Report on the status of compliance of KYC/ AML laws, rules, directives, order etc. has been submitted to the Financial Information Unit in compliance with FIU Directives and NRB unified Directives. Observations made by the auditors and Nepal Rastra Bank during their respective audits have been taken into account and remedial action taken.

REMARKS/OBSERVATIONS IN STATUTORY AUDIT REPORT FOR THE YEAR 2072/073 (2015/2016) VIS-À-VIS STATUS OF COMPLIANCE

S.N.	Observation	Management Response/Status of Compliance
1.	Construction Completion Certificate required to be obtained as prescribed under NRB directive 2072, clause no 3.10.6.a is not obtained in some instances.	Compliance has since been ensured in most of the commented cases. There are a few instances pertaining to old construction where Branches are in close follow-up with the borrowers for obtaining Construction Completion Certificates.
2.	Debt obligations of a few Borrowers of DM Branch, who have also availed loans from other banks/FIs, have not taken into account while calculating uncommitted monthly income of the borrowers.	All such commented cases pertain to personal loan schemes where borrowers have additional rental income from their other properties which itself is considered adequate for servicing other debt obligations.
3.	KYC details of the customers are not updated as required by NRB Directive 19.1 in few cases.	Since rectified in most of the cases. All the non-compliant accounts have been made inoperative.
4.	Annual estimated transaction as required by Clause 19.1 of Unified NRB Directive 19/072 has not been mentioned in some of the account opening forms.	Since rectified in most of the cases. All the non-compliant accounts have been made inoperative.
5.	Audited financial statements of the customers have not been obtained in few KYC files of the customers as directed by Clause 19.1 of NRB Directives.	Since rectified in most of the cases. All the non-compliant accounts have been made inoperative.
6.	Gap between the 384th and 385th Board Meeting of the Bank exceeded two months.	The gap between 384th and 385th meeting inadvertently exceeded two months due to exigencies beyond control. We have since ensured compliance in all subsequent Board Meetings.
7.	Fair Presentation and Compliance with NFRS As per the decision of the Institute of Chartered Accountants of Nepal (ICAN), Commercial Banks are required to implement and present their financials in compliance with NFRS from the F/Y 2072/73. Nepal SBI has prepared and presented its financials as per NRB Directives no. 4 and Principal Accounting Policies attached to the financial statements, which are not in full compliance with the requirement of NFRS.	Nepal Rastra Bank (BFIs Regulator) has prescribed the directive 04/2072 for preparation and presentation of financial statement and related matter of accounting, which is duly complied with.

RISK MANAGEMENT

Since the bank has to deal with various risk associated with its business operation, the bank has a forward looking approach in managing risks. The bank has robust internal control system in place focused on extensive risk management framework for effective assessment, measurement and mitigation of risk. Primary goal of our risk management framework is long-term sustainability of our Bank and having appropriate balance between risk and return, in order to enhance shareholder value.

Your bank has strong credit appraisal and risk assessment practices in place for identification, measurement, monitoring and control of the credit risk exposures. Your Bank uses internal Credit Risk Assessment Models and scorecards for assessing credit risk under different exposure segments. Internal ratings of your Bank are subject to comprehensive rating validation framework. The Risk Management Committee of the Board (RMCB) oversees overall risk governance framework of The Bank. The Committee, on an on-going basis monitors the effectiveness of the risk management and internal control systems. The Board is apprised regularly by the RMCB regarding appropriateness and adequacy of the existing risk identification and measurement system put in place in the Bank and makes recommendation for devising appropriate system & procedures.

Credit risk is the risk of financial loss, the Bank may face as a result of a borrower or a counterparty not meeting its obligations in line with the original contract. Since majority of the Bank's assets are in the form of loans and advances, management of credit risk becomes the most crucial task.

The Credit Risk Management Committee (CRMC), monitors Credit Risk, ensuring compliance and implementations of Credit Risk policy/strategy

approved by the Board and incorporation of Regulatory Compliance in Bank's Policies and Guidelines.

Market Risk as defined by Market Risk Management policy of the Bank, is the risk of probable loss due to adverse changes in the market value of the Bank's assets and liabilities. The Market Risk Management Committee (MRMC) has the overall responsibility to monitor/manage various market risk exposures of the Bank through Market Risk limits, stop loss limits, etc., at a more granular level. It is involved in identification, assessment, monitoring, reporting and analysis of Market risks profile associated with Treasury Operations.

Operational Risk is risk of loss resulting from inadequate or failed internal processes, people and system or from external events. The Operational Risk Management Committee (ORMC) reviews the operational risk profile of the Bank at periodic intervals and recommends suitable controls/mitigation for managing operational risk in the Bank. The Committee anticipates changes and threats, concurs on areas of highest priority and related mitigation strategies and ensures that adequate resources are being assigned to mitigate risks as needed.

All the Staffs are well trained about risks and are guided on the areas of their operation. We continue to strengthen our risk management system through various measures to address the risks posed by a multitude of factors, which ultimately help us reaffirm our position as one of the best-managed bank in Nepal. For assessment of Pillar I risks and Pillar II risks such as liquidity risk and interest rate risk, as well as adequacy of capital and overall risk management practices under normal and stressed conditions, the Bank has comprehensive Internal Capital Adequacy Assessment Process (ICAAP) in place.

SHAREHOLDERS' INFORMATION

The Ordinary Shares of the Nepal SBI Bank Limited are listed on the Nepal Stock Exchange. The stock exchange symbol of Nepal SBI's share is "SBI", Two Institutional promoters hold 70.12 % of total shares in the Bank and rest is distributed among nearly 29.88 % general shareholders. State Bank of India holds 55.10 % of the total ownership whereas Employee provident Fund holds 15.03 % shares.

Shareholding by Members of the Board and Central Management Team

Name	Position	No. of Shares	
		Physical Shares	Demat Shares
Mr. Niranjana Kumar Tibrewala	Director		27155
Mr. Sanjay Kumar Sureka	Director	65969	3557
Mr. Chhapi Raj Pant	CRO		8416
Mr. Dev Raj Adhikari	CCO	2653	

Distribution of Shareholders

Range	No of Shareholders	Percentage	No of Shares	Percentage
Upto 100	8840	35.99	326051	0.84
101-500	11765	47.90	3109616	8.01
501-1000	2229	9.08	1724944	4.44
1001-5000	1515	6.17	3058101	7.88
5001-10000	129	0.53	879494	2.27
Above 10000	82	0.33	29719825	76.56
Total	24560	100.00	38,818,031.00	100

FIVE YEARS' FINANCIAL HIGHLIGHTS

NPRs. in Lacs

Ashad End	FY 11/12 2068/69	FY 12/13 2069/70	FY 13/14 2070/71	FY 14/15 2071/72	FY 15/16 2072/73
Profitability (Key Indicators)				-	-
Interest Income	37,694.83	41,105.14	39,766.48	38,213.26	39,812.62
Interest Expenditure	27,707.99	24,869.79	22,316.04	17,738.42	15,651.50
Fee, Commission and Exchange income	3564.90	4,156.12	4,282.32	4,598.23	6,021.67
Other Operating Income	1,417.62	1,577.56	2,172.67	3,076.91	31,80.84
Staff Expense	2,891.53	4,165.60	4,430.78	5,522.31	5,489.87
Other Operating Expenses	4,561.26	4,772.47	5060.29	5,157.92	6,167.95
Provision for possible losses	780.12	1,280.41	829.67	1,166.41	1,113.45
Operating Profit	6,736.45	11,750.55	13,584.70	16,303.34	20,592.35
Profit Before Tax	6,866.54	11,099.59	13,119.45	15,574.61	19,199.28
Profit After Tax	4,801.05	7,714.71	9,229.84	10,654.37	13,318.81
Total Capital and Liabilities	580,597.07	647,961.53	610,829.72	592,772.91	785,153.45
Share Capital	23,557.39	26,502.06	30,490.83	38,837.35	49,730.79
Reserves	8,417.20	11,487.52	14,867.15	17,621.78	19,478.83
Liabilities	-	-	-	-	-
Deposits	533,372.64	591,257.29	544,929.94	516,282.22	652,135.19
Debenture	6,000.00	8,000.00	10,000.00	10,000.00	10,000.00
Bills Payable	786.16	1,653.55	1,563.67	1,783.43	2,629.39
Proposed Dividend	1,046.99	1,766.80	1,861.43	434.56	573.33
Other Liabilities	7,416.69	7,294.31	7,020.30	7,813.54	8,763.89
Total Assets	580,597.07	647,961.53	610,829.72	592,772.91	785,153.45
Advances (Net)	261,420.94	287,881.47	352,795.83	399,791.73	469,755.34
Investments	244,634.52	259,061.20	177,223.96	93,196.98	192,913.09
Liquid Assets	56,866.32	78,523.29	66,549.71	84,357.48	103,898.20
Net Fixed Assets	7,159.20	6,615.89	6,074.46	6,300.12	6,299.65
Other Assets	10,516.09	15,879.68	8,079.35	9,126.60	12,287.17

REPORT OF THE INDEPENDENT AUDITORS' TO THE SHAREHOLDERS OF NEPAL SBI BANK LIMITED

1. We have audited the accompanying financial statements of Nepal SBI Bank Limited, which comprise the Balance Sheet as at Ashad 31, 2073 (July 15, 2016), and the profit and loss account, Statement of Changes in Equity and Cash Flow Statement for the year then ended, and a Summary of significant Accounting Policies and other explanatory notes.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation and fair presentation of these financial Statements in accordance with Nepal Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Nepal Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our professional judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider the internal control relevant to the Bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Bank's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

Basis for Disclaimer Opinion

The Institute of Chartered Accountants of Nepal (ICAN) changed the applicable financial reporting framework for the Banks to Nepal Financial Reporting Standards (NFRS) from Nepal Accounting Standards effective from the financial year 2072/73 (2015/2016). However, Nepal SBI Bank Limited has prepared accompanying financial statements as per Directives issued by Nepal Rastra Bank.

The cumulative effect of not preparing financial statements in compliance with Nepal Financial Reporting Standard is uncertain and could be material and pervasive.

4. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence for the cumulative effect of not preparing financial statements in compliance with Nepal Financial Reporting Standard to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements.



Report on Other Legal and Regulatory Requirements

5. On the basis of our examination, we would like to further report that:
- We have obtained all the information and explanations, which were considered necessary for the purpose for our audit.
 - The Balance Sheet, Profit and Loss Account, Cash Flow Statement and attached Schedules dealt with by this report are prepared as per Directives of Nepal Rastra Bank and are in agreement with the books of account maintained by the Bank.
 - In our opinion, the proper books of accounts as required by the law have been kept by the Bank except for NFRS requirement.
 - The operations of the Bank were within its jurisdiction and the Bank has been functioning as per the directives of Nepal Rastra Bank.
 - During our examination of the books of account of the Bank, we have not come across the cases where the Board of Directors or any member thereof or any representative or any office holder or any employee of the Bank has acted contrary to the provisions of law or caused loss or damage to the Bank or acted in a manner to jeopardize the interest and security of the Bank, its depositors and shareholders.
 - In our opinion, so far as it appeared from our examination of the book, the Bank has maintained adequate capital funds and adequate provisions for possible impairment of assets in accordance with the directives of Nepal Rastra Bank and the Bank has not written-off any loans during the FY 2072/73 (2015/16);
 - The returns received from branches of the Bank though the statements are independently not audited were adequate for the purpose of our audit, and
 - We have not come across any fraudulence in the accounts, based on our sample examination of the books.
 - In our opinion, the financial statements present fairly as per regulatory requirement, in all material respects, the financial position of Nepal SBI Bank Limited as at Ashad 31, 2073 (July 15, 2016) and of the results of its financial performance and its cash flows for the year then ended in accordance with Banks and Financial Institutions Act, 2063 (2006), and Directives of Nepal Rastra Bank.

Place: Kathmandu
Date: October 4, 2016


Pushpa Lall Shrestha
Senior Partner
P.L. Shrestha & Co.,
Chartered Accountants





नेपाल एसबिआई बैंक लिमिटेड
NEPAL SBI BANK LTD.

FINANCIAL STATEMENTS FOR THE
FY 2072-73 (17.07.2015-15.07.2016)

BALANCE SHEET

AS ON 31 ASHAD 2073 (15 JULY 2016)

CAPITAL & LIABILITIES	SCHEDULE	This Year Rs.	Previous Year Rs.
1. Share Capital	1	4,973,079,112	3,883,735,565
2. Reserves and Funds	2	1,947,383,339	1,762,178,956
3. Debentures & Bonds	3	1,000,000,000	1,000,000,000
4. Loans and Borrowings	4	4,184,700,000	-
5. Deposits	5	65,213,519,724	51,628,221,954
6. Bills Payable	6	262,939,794	178,342,832
7. Proposed Cash Dividend		57,333,871	43,456,635
8. Income Tax Liabilities		-	-
9. Other Liabilities	7	876,389,444	781,354,511
Total Capital and Liabilities		78,515,345,284	59,277,290,453

ASSETS	SCHEDULE	This Year Rs.	Previous Year Rs.
1. Cash Balance	8	1,799,377,270	1,753,912,290
2. Balance with Nepal Rastra Bank	9	6,428,009,789	4,662,434,374
3. Balance with Banks/Financial Institution	10	2,162,431,432	2,019,400,868
4. Money at Call and Short Notice	11	-	-
5. Investment	12	19,291,309,392	9,319,697,947
6. Loans, Advances and Bills Purchase	13	46,975,534,686	39,979,173,045
7. Fixed Assets	14	629,965,203	630,012,272
8. Non Banking Assets	15	-	-
9. Other Assets	16	1,228,717,512	912,659,657
Total Assets		78,515,345,284	59,277,290,453

Contingent Liabilities	Schedule 17
Directors' Declaration	Schedule 29
Statement of Capital Fund	Schedule 30 (Ka1)
Principal Indicators	Schedule 31
Principal Accounting Policies	Schedule 32
Notes to Accounts	Schedule 33

Schedules 1 to 17 form integral part of the Balance Sheet.

(Priya Ranjan)
Chief Financial Officer

(Anukool Bhatnagar)
Managing Director

(Krishna Prasad Acharya)
Chairperson

(Sanjay Kumar Sureka)
Director

(Keshav Raj Acharya)
Director

(Niranjan Kumar Tibrewala)
Director

As per our attached report of even date

(Siddhartha Sengupta)
Director

(Sujit Kumar Varma)
Director

(Prabodh Parikh)
Director

(CA. P. L. Shrestha), Partner
P.L. Shrestha & Co.,
Chartered Accountants

PROFIT AND LOSS ACCOUNT

FOR THE PERIOD FROM 1 SHRAWAN 2072 TO 31 ASHAD 2073 (17 JULY 2015 TO 15 JULY 2016)

Particulars	Schedule	This Year Rs.	Previous Year Rs.
1. Interest Income	18	3,981,262,340	3,821,326,338
2. Interest Expenses	19	1,565,150,928	1,773,842,303
Net Interest Income		2,416,111,412	2,047,484,035
3. Commission and Discount	20	465,797,307	340,354,037
4. Other Operating Incomes	21	318,084,154	307,691,033
5. Exchange Fluctuation Income	22	136,369,939	119,469,424
Total Operating Income		3,336,362,812	2,814,998,529
6. Staff Expenses	23	548,987,096	552,231,467
7. Other Operating Expenses	24	616,795,027	515,793,282
8. Exchange Fluctuation Loss	22	-	-
Operating Profit before Provision for Possible Loss		2,170,580,689	1,746,973,780
9. Provision for Possible Losses	25	111,345,644	116,640,954
Operating Profit		2,059,235,045	1,630,332,826
10. Non Operating Income /(Expense)	26	9,964,964	10,708,703
11. Provision for Possible Loss Written Back	27	42,721,183	52,123,586
Profit from Regular Operations		2,111,921,192	1,693,165,115
12. Income/(Expenses) from Extra-ordinary Activities	28	-	20,039,981
Net profit after considering all activities		2,111,921,192	1,713,205,096
13. Provision for Staff Bonus		191,992,836	155,745,918
14. Provision for Income Tax:		588,046,555	492,023,037
This Year's		579,357,379	503,887,138
Up to Previous Year's / Previous Year's Tax		13,741,360	22,992,061
This year's Deferred Tax (Income)/Expense		(5,052,184)	(34,856,162)
Net Profit/(Loss)		1,331,881,801	1,065,436,141

Schedule 18 to 28 form integral part of the Profit and Loss Account.

(Priya Ranjan)
Chief Financial Officer

(Anukool Bhatnagar)
Managing Director

(Krishna Prasad Acharya)
Chairperson

(Sanjay Kumar Sureka)
Director

(Keshav Raj Acharya)
Director

(Niranjan Kumar Tibrewala)
Director

As per our attached report of even date

(Siddhartha Sengupta)
Director

(Sujit Kumar Varma)
Director

(Prabodh Parikh)
Director

(CA. P. L. Shrestha), Partner
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Chartered Accountants

PROFIT AND LOSS APPROPRIATION ACCOUNT

FOR THE PERIOD FROM 1 SHRAWAN 2072 TO 31 ASHAD 2073 (17 JULY 2015 TO 15 JULY 2016)

Particulars	Schedule	This Year Rs.	Previous Year Rs.
INCOME			
1. Accumulated Profit up to Previous Year		3,161,068	5,815,251
2. This Year's Profit		1,331,881,801	1,065,436,141
3. Transferred from General Reserve (Debenture Redemption Reserve)		-	200,000,000
4. Investment Adjustment Reserve (Capital Adj. Reserve upto Previous Year transfer from Share Premium)		135,000,000	85,000,000
5. Capital Adjustment Reserve up to Previous Year		79,159,949	-
Total		1,549,202,818	1,356,251,392
EXPENSES			
1. Accumulated Loss up to Previous Year		-	-
2. This Year's Loss		-	-
3. General Reserve		266,376,361	213,087,229
4. Contingent Reserve fund		-	-
5. Institution Development Reserve		-	-
6. Dividend Equalization Reserve		-	-
7. Staff Related Reserve		-	-
8. Proposed Cash Dividend @ 1.53%		57,333,871	43,456,635
9. Proposed issue of Bonus Shares @ 28%		1,089,343,547	825,676,065
10. Special Reserve fund		-	-
11. Exchange Fluctuation Fund		1,918,449	636,333
12. Capital Redemption Reserve		-	-
13. Capital Adjustment Reserve		-	135,000,000
14. Investment Adjustment Reserve		122,500	377,900
15. 12.5% NSBL Debenture 2078 Redemption Reserve		40,000,000	40,000,000
16. 8% NSBL Debenture 2079 Redemption Reserve		40,000,000	40,000,000
17. 7.9% NSBL Debenture 2080 Redemption Reserve		20,000,000	20,000,000
18. Deferred Tax Reserve		5,052,184	34,856,162
Total		1,520,146,912	1,353,090,324
20. Accumulated Profit/(Loss)		29,055,906	3,161,068

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STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD FROM 1 SHRAWAN 2072 TO 31 ASHAD 2073 (17 JULY 2015 TO 15 JULY 2016)

Particulars	Share Capital	Accumulated Profit/Loss	General Reserve fund	Capital Adjustment Reserve	Share Premium	Investment Adjustment Reserve	Proposed Bonus Shares	Exchange Fluctuation Fund	Deferred Tax Reserve	Other Reserve & Funds	Total Amount
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
Opening Balance at 01.04.2072	3,058,059,500	3,161,068	1,123,780,642	135,000,000	79,159,949	377,900	825,676,065	14,026,502	147,211,707	259,461,188	5,645,914,521
Adjustments:											
Proposed Bonus Share of previous year treated as Share Capital as per NRB Directives	825,676,065						(825,676,065)				-
Restated Balance as on 01.04.2072	3,883,735,565	3,161,068	1,123,780,642	135,000,000	79,159,949	377,900	-	14,026,502	147,211,707	259,461,188	5,645,914,521
Adjustments:											
Net profit for the period	-	1,331,881,801									1,331,881,801
Capital Adjustment Reserve	-			-							-
Investment Adjustment Reserve	-	(122,500)				122,500					-
Transfer to General Reserve	-	(266,376,361)	266,376,361								-
Capital Adjustment Reserve	-	135,000,000		(135,000,000)							-
Proposed Cash Dividend	-	(57,333,871)									(57,333,871)
Proposed Bonus Shares	-	(1,089,343,547)					1,089,343,547				-
Share Premium	-	79,159,949			(79,159,949)						-
Exchange Fluctuation Fund	-	(1,918,449)						1,918,449			-
Debtenture Redemption Reserve	-	(100,000,000)								100,000,000	-
Deferred Tax Reserve	-	(5,052,184)							5,052,184		-
Closing Balance as at Asadh end 2073	3,883,735,565	29,055,906	1,390,157,003	-	-	500,400	1,089,343,547	15,944,951	152,263,891	359,461,188	6,920,462,451

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CASH FLOW STATEMENT

FOR THE PERIOD FROM 1 SHRAWAN 2072 TO 31 ASHAD 2073 (17 JULY 2015 TO 15 JULY 2016)

Particulars	This Year Rs.	Previous Year Rs.
(a) Cash Flow from Operating Activities	2,158,881,669	2,046,813,832
1. Cash Received	4,905,938,366	4,612,146,654
1.1 Interest Income	3,981,262,340	3,821,326,338
1.2 Commission and Discount Income	465,797,307	340,354,037
1.3 Income from Foreign Exchange transaction	128,696,143	116,924,096
1.4 Recovery of loan written off	-	20,039,981
1.5 Other Incomes	330,182,576	313,502,202
2. Cash Payment	3,420,064,565	3,226,015,633
2.1 Interest Expenses	1,565,150,928	1,773,842,303
2.2 Staff Expenses	545,453,043	460,039,558
2.3 Office Operating Expenses	486,314,971	390,134,395
2.4 Income Tax Paid	667,399,705	470,804,911
2.5 Other Expenses	155,745,918	131,194,466
Cash Flow before changes in Working Capital	1,485,873,801	1,386,131,021
(Increase) /Decrease of Current Assets	(17,279,427,252)	3,513,647,895
1. (Increase)/Decrease in Money at Call and Short Notice	-	-
2. (Increase)/Decrease in short term Investment	(10,049,831,409)	8,430,226,561
3. (Increase)/Decrease in Loans, Advances and Bills Purchase	(7,071,111,102)	(4,757,613,705)
4. (Increase)/Decrease in Other Assets	(158,484,741)	(158,964,961)
Increase /(Decrease) of Current Liabilities	17,952,435,120	(2,852,965,084)
1. Increase/(Decrease) in Deposits	13,585,297,770	(2,864,771,652)
2. Increase/(Decrease) in Certificates of Deposits	-	-
3. Increase/(Decrease) in Short Term Borrowings	4,184,700,000	-
4. Increase/(Decrease) in Other Liabilities	182,437,350	11,806,568
(b) Cash Flow from Investment Activities	(101,972,374)	(134,320,729)
1. (Increase)/Decrease in Long-Term Investment	-	-
2. (Increase)/Decrease in Fixed Assets	(105,963,916)	(138,966,110)
3. Interest income from Long Term Investment	-	-
4. Dividend Income	3,991,542	4,645,381
5. Others	-	-
(c) Cash Flow from Financing Activities	(110,512,132)	(134,262,019)
1. Increase/(Decrease) in Long Term Borrowings (Bonds, Debentures etc)	-	-
2. Increase/(Decrease) in Share Capital & Share Premium	-	88,136,345
3. Increase/(Decrease) in Other Liabilities (Dividend Paid)	(110,512,132)	(222,398,364)
4. Increase/(Decrease) in Facilities / Refinance received from NRB	-	-
(d) Income/Expenses from change in exchange rate in Cash & bank balances	7,673,796	2,545,328
(e) This Year's Cash Flow from All Activities	1,954,070,959	1,780,776,412
(f) Opening Balance of Cash and Bank Balances	8,435,747,532	6,654,971,120
(g) Closing Balance of Cash and Bank Balances	10,389,818,491	8,435,747,532

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SCHEDULE 1

SHARE CAPITAL AND OWNERSHIP AS ON 31 ASHAD 2073 (15 JULY 2016)

Particulars	This Year Rs.	Previous Year Rs.
1. Share Capital		
1.1 Authorized Capital	10,000,000,000	7,000,000,000
a) 100,000,000 Ordinary Shares of Rs. 100 each	10,000,000,000	7,000,000,000
b).....Non -Reedemeble Preference shares of Rs.....each	-	-
c).....Reedemable Preference Shares of Rseach	-	-
1.2 Issued Capital	6,490,512,353	3,063,395,600
a) 64,905,123.53 Ordinary Shares of Rs. 100 each	6,490,512,353	3,063,395,600
b).....Non -Reedemeble Preference shares of Rs.....each	-	-
c).....Reedemable Preference Shares of Rseach	-	-
1.3 Paid Up Capital	3,883,735,565	3,058,059,500
a) 38,837,355.65 Ordinary Share of Rs. 100 Each	3,883,735,565	3,058,059,500
b).....Non -Reedemeble Preference shares of Rs.....each	-	-
c).....Reedemable Preference Shares of Rseach	-	-
1.4 Proposed Bonus Share	1,089,343,547	825,676,065
1.5 Calls in Advance	-	-
1.6 Total Amount (1.3+1.4+1.5)	4,973,079,112	3,883,735,565

As a result of issue of Right Shares (2:1) declared by the 15th AGM (FY 2065-66) and allotted during the FY 2066-67 and Bonus Shares issued in the past from time to time, total (13,939.44 kitta of bonus and 5385.20 for right issue) 19,324.64 shares have come into fraction figures. In the absence of clear legal provisions

permitting issuance of Share Certificate for such fraction entitlements of the shareholders, the Bank has credited such fractions entitlement in a dematerialized (De-mat) form without issuing physical Share Certificates. Such fraction entitlement of the shareholders is also accounted under share capital.

Share Ownership Details	This Year		Previous Year	
	%	Share Capital Rs.	Share Capital Rs.	%
1. Domestic Ownership	44.91%	1,743,953,771	1,373,191,946	44.91%
1.1 Nepal Government	-	-	0	-
1.2 "A" Class Licensed Institutions	-	-	0	-
1.3 Other Licensed Institutions	-	-	0	-
1.4 Other Entities	15.03%	583,576,854	459,509,333	15.03%
1.5 General Public	29.88%	1,160,376,917	913,682,613	29.88%
1.6 Others	-	-	0	-
2. Foreign Ownership	55.09%	2,139,781,794	1,684,867,554	55.09%
Total	100.00%	3,883,735,565	3,058,059,500	100.00%

Note :-

1) None of the General Public Shareholders hold 0.50% or more of the shares of the Bank individually.

2) "Other Entities" reported is Karmachari Sanchaya Kosh.

3) The "Foreign Ownership" reported is State Bank of India.

SCHEDULE 2

RESERVES AND FUNDS AS ON 31 ASHAD 2073 (15 JULY 2016)

Particulars	This Year Rs.	Previous Year Rs.
1. General/Statutory Reserve	1,390,157,003	1,123,780,642
2. Capital Reserve Fund	-	79,159,949
2.1 Share Premium	-	79,159,949
3. Capital Redemption Reserve Fund	-	-
4. Capital Adjustment Reserve Fund	-	135,000,000
5. Other Reserves and Funds	512,225,479	407,050,795
5.1 Contingent Reserve	-	-
5.2 Institution Development Reserve	-	-
5.3 Dividend Equalization Reserve	-	-
5.4 Special Reserve Fund	-	-
5.5 Asset Revaluation Reserve	-	-
5.6 Deferred Tax Reserve	152,263,891	147,211,707
5.7 Other Free Reserves	-	-
5.8 Investment Adjustment Reserve	500,400	377,900
5.9 Debenture Redemption Reserves	359,461,188	259,461,188
6. Accumulated Profit/(Loss)	29,055,906	3,161,068
7. Exchange Fluctuation Fund	15,944,951	14,026,502
Total	1,947,383,339	1,762,178,956

SCHEDULE 3

DEBENTURES AND BONDS AS ON 31 ASHAD 2073 (15 JULY 2016)

Particulars	This Year Rs.	Previous Year Rs.
1. 12.5% Nepal SBI Bank Debentures 2078 of Rs.1,000 each (Unsecured) Issued on 12.02.2012 and maturing on 11.02.2022 (Outstanding balance of Redemption Reserve Rs.176,776,256)	400,000,000	400,000,000
2. 8% Nepal SBI Bank Debentures 2079 of Rs.1,000 each (Unsecured) Issued on 03.02.2013 and maturing on 02.02.2023 (Outstanding balance of Redemption Reserve Rs. 137,863,014)	400,000,000	400,000,000
3. 7.9% Nepal SBI Bank Debentures 2080 of Rs.1,000 each (Unsecured) Issued on 20.04.2014 and maturing on 19.04.2024 (Outstanding balance of Redemption Reserve Rs. 44,821,918)	200,000,000	200,000,000
Total (1+2+3)	1,000,000,000	1,000,000,000

Note :-

ICRA Nepal has reaffirmed rating of [ICRANP] LAA (pronounced ICRA NP L Double A) to 7.9% Nepal SBI Bank Debentures 2080 of NRs 20 crores. Instruments with this Rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.

SCHEDULE 4

LOANS AND BORROWINGS AS ON 31 ASHAD 2073 (15 JULY 2016)

Particulars	This Year Rs.	Previous Year Rs.
A. Local		-
1. Nepal Government	-	-
2. Nepal Rastra Bank	-	-
3. Repo Obligations	-	-
4. Inter Bank and Financial institutions	4,184,700,000	-
5. Other Organised Institutions	-	-
6. Others	-	-
Total	4,184,700,000	-
B. Foreign		-
1. Banks	-	-
2. Others	-	-
Total	-	-
Total (A+B)	4,184,700,000	-

DEPOSITS
AS ON 31 ASHAD 2073 (15 JULY 2016)

Particulars	This Year Rs.	Previous Year Rs.
1. Non-Interest bearing accounts		
A. Current Deposits	5,531,334,474	4,818,048,457
1. Local Currency	5,229,136,812	4,585,202,369
1.1 Nepal Government	41,925,439	132,191,612
1.2 "Ka" Class Licensed Institutions	3,666,250	7,412,697
1.3 Other Licensed Financial Institutions	6,829,916	23,281,321
1.4 Other Organized Institutions	5,014,376,078	4,293,755,994
1.5 Individuals	162,253,139	128,560,745
1.6 Others	85,990	-
2. Foreign Currency	302,197,662	232,846,088
2.1 Nepal Government	-	-
2.2 "Ka" Class Licensed Institutions	-	-
2.3 Other Licensed Financial Institutions	-	-
2.4 Other Organized Institutions	280,499,373	220,185,349
2.5 Individuals	21,698,289	12,660,739
2.6 Others	-	-
B. Margin Deposits	339,786,038	324,371,232
1. Employees Earnest Money	-	-
2. Gurantee Margin	90,970,412	89,849,568
3. Letter of Credit Margin	248,815,626	234,521,664
C. Others	318,216,587	197,470,090
1. Local Currency	318,216,587	197,470,090
1.1 Financial Institutions	-	-
1.2 Other Organized Institutions	6,399,261	1,743,740
1.3 Individual	311,817,326	195,726,350
2. Foreign Currency	-	-
2.1 Financial Institutions	-	-
2.2 Other Organized Institutions	-	-
2.3 Individual	-	-
Total of Non-Interest Bearing Accounts	6,189,337,099	5,339,889,779
2. Interest Bearing Accounts		
A. Saving Deposits	26,831,779,188	21,485,400,112
1. Local Currency	26,641,575,782	21,291,641,565
1.1 Organized Institutions	561,535,523	510,489,754
1.2 Individual	26,080,040,259	20,781,151,811
1.3 Others	-	-

DEPOSITS
AS ON 31 ASHAD 2073 (15 JULY 2016)

Particulars	This Year Rs.	Previous Year Rs.
2. Foreign Currency	190,203,406	193,758,547
2.1 Organized Institutions	-	1,055,668
2.2 Individual	186,782,212	192,702,879
2.3 Others	3,421,194	-
B. Fixed Deposits	23,019,304,089	19,129,478,724
1. Local Currency	17,950,222,360	14,528,246,270
1.1 Organized Institutions	11,691,110,865	8,582,225,703
1.2 Individual	6,259,111,495	5,946,020,567
1.3 Others	-	-
2. Foreign Currency	5,069,081,729	4,601,232,454
2.1 Organized Institutions	5,069,081,729	4,601,232,454
2.2 Individual	-	-
2.3 Others	-	-
C. Call Deposits	9,173,099,348	5,673,453,339
1. Local Currency	4,516,382,310	4,033,714,861
1.1 "Ka" Class Licensed Institutions	-	-
1.2 Other Licensed Financial Institutions	559,191,394	474,954,589
1.3 Other Organized Institutions	3,675,222,631	3,271,231,435
1.4 Individual	281,968,285	287,528,837
1.5 Others	-	-
2. Foreign Currency	4,656,717,038	1,639,738,478
2.1 "Ka" Class Licensed Institutions	-	-
2.2 Other Licensed Financial Institutions	-	-
2.3 Other Organized Institutions	4,656,717,038	1,639,738,478
2.4 Individual	-	-
2.5 Others	-	-
D. Certificate of Deposit	-	-
1. Organized Institutions	-	-
2. Individual	-	-
3. Others	-	-
Total of Interest Bearing Accounts	59,024,182,625	46,288,332,175
Total Deposit (1+2)	65,213,519,724	51,628,221,954

SCHEDULE 6

BILLS PAYABLE AS ON 31 ASHAD 2073 (15 JULY 2016)

Particulars	This Year Rs.	Previous Year Rs.
1. Local Currency	115,145,664	40,798,632
2. Foreign Currency	147,794,130	137,544,200
Total	262,939,794	178,342,832

SCHEDULE 7

OTHER LIABILITIES AS ON 31 ASHAD 2073 (15 JULY 2016)

Particulars	This Year Rs.	Previous Year Rs.
1. Pension/Gratuity / Leave Fund	355,081,140	351,547,087
2. Employee Provident Fund	-	-
3. Employees Welfare Fund	-	2,030,351
4. Provision for Staff Bonus	191,992,836	155,745,918
5. Interest Payable on Deposits	31,107,271	39,611,740
6. Interest Payable on Borrowings/ Debenture	53,636,005	49,133,537
7. Unearned Discount and Commission	-	-
8. Sundry Creditors	17,632,265	9,661,829
9. Branch Adjustment Account	-	-
10. Deferred Tax Liability	-	-
11. Dividend Payable	17,693,185	27,414,811
12. Others	209,246,742	146,209,238
a.TDS Payable	45,847,451	50,718,926
b. Others	163,399,291	95,490,312
Total	876,389,444	781,354,511

SCHEDULE 8

CASH BALANCE AS ON 31 ASHAD 2073 (15 JULY 2016)

Particulars	This Year Rs.	Previous Year Rs.
1. Local Currency (Including Coins)	1,783,291,038	1,716,561,889
2. Foreign Currency	16,086,232	37,350,401
Total	1,799,377,270	1,753,912,290

SCHEDULE 9

BALANCE WITH NEPAL RASTRA BANK AS ON 31 ASHAD 2073 (15 JULY 2016)

Particulars	Local Currency	Foreign Currency			This Year Rs.	Previous Year Rs.
		INR	Convertible	Total		
1. Nepal Rastra Bank	6,408,950,293	-	19,059,496	19,059,496	6,428,009,789	4,662,434,374
a. Current Account	6,408,950,293	-	19,059,496	19,059,496	6,428,009,789	4,662,434,374
b. Other Account	-	-	-	-	-	-

Note: Balance as per confirmation statements from NRB is Rs. 6,531,367,111 and all the differences are reconciled.

SCHEDULE 10

BALANCE WITH BANKS/FINANCIAL INSTITUTIONS AS ON 31 ASHAD 2073 (15 JULY 2016)

Particulars	Local Currency	Foreign Currency			This Year Rs.	Previous Year Rs.
		INR	Convertible	Total		
1. Local Licensed Institutions	525,399,746	-	-	-	525,399,746	729,842,302
a. Current Account	525,399,746	-	-	-	525,399,746	729,842,302
b. Other Account	-	-	-	-	-	-
2. Foreign Banks	-	1,229,373,117	407,658,569	1,637,031,686	1,637,031,686	1,289,558,566
a. Current Account	-	1,229,373,117	407,658,569	1,637,031,686	1,637,031,686	1,289,558,566
b. Other Account	-	-	-	-	-	-
Total	525,399,746	1,229,373,117	407,658,569	1,637,031,686	2,162,431,432	2,019,400,868

Note: Balance as per confirmation statements from respective licensed institutions is Rs. 2,392,297,835 and all the differences are reconciled.

SCHEDULE 11

MONEY AT CALL AND SHORT NOTICE AS ON 31 ASHAD 2073 (15 JULY 2016)

Particulars	This Year Rs.	Previous Year Rs.
1. Local Currency	-	-
2. Foreign Currency	-	-
TOTAL	-	-

SCHEDULE 12

INVESTMENTS AS ON 31 ASHAD 2073 (15 JULY 2016)

Particulars	Purpose		This Year Rs.	Previous Year Rs.
	Trading	Other		
1. Nepal Government Treasury Bills	-	999,950,000	999,950,000	2,102,429,750
2. Nepal Government Saving Bonds	-	-	-	-
3. Nepal Government Other securities	-	4,850,000,000	4,850,000,000	454,550,000
4. Nepal Rastra Bank Bonds	-	-	-	-
5. Foreign Securities	-	-	-	-
6. Local Licensed Institutions	-	-	-	101,600,000
7. Foreign Banks	-	13,286,591,426	13,286,591,426	5,428,919,902
8. Corporate Shares	-	129,955,500	129,955,500	29,955,500
9. Corporate Bonds and Debentures	-	-	-	-
10. Other Investments:	-	-	-	-
10.1 Deposit Collection into NRB	-	-	-	1,190,000,000
10.2 Mutual Fund	24,812,466	-	24,812,466	18,367,795
Total Investment	24,812,466	19,266,496,926	19,291,309,392	9,325,822,947
Provision	-	-	-	6,125,000
Net Investment	24,812,466	19,266,496,926	19,291,309,392	9,319,697,947

SCHEDULE 12 (Ka)

INVESTMENT IN SHARES, DEBENTURES AND BONDS AS ON 31 ASHAD 2073 (15 JULY 2016)

Particulars	Cost Price Rs.	Market Price Rs.	Provision Amount Rs.	This Year Rs.	Previous Year Rs.
1. Investment in Shares	148,218,960	413,536,126	-	148,218,960	42,093,960
1.1 Rural Micro-finance Development Center Ltd.					-
51,950 Ordinary Shares of Rs. 100 fully paid up	5,195,000	72,106,600		5,195,000	5,195,000
137,000 Right Shares of Rs. 100 fully paid up	13,700,000	190,156,000		13,700,000	13,700,000
18,895 Bonus Shares of Rs. 100 fully paid up	-	26,226,260		-	-
20,784 Bonus Shares of Rs. 100 fully paid up		not listed		-	-
1.2 Nepal Grameen Bikash Bank Ltd. (Previous Madhya Paschimanchal Grameen Bikash Bank Ltd.)					
30,000 Ordinary Shares of Rs. 100 fully paid up	3,000,000	32,400,000.00		3,000,000.00	-
5,000 Shares of Rs. 100 Additional Investment	500,000	5,400,000.00		500,000.00	-
26,250 Shares of Rs. 100 Additional Investment	2,625,000	28,350,000.00		2,625,000.00	-
31,560 Bonus Shares of Rs. 100 fully paid up	-	34,084,800.00		-	-
1.3 Mutual Funds					
1,043,347 Units NIBL Sambridhi Fund - Mutual Fund of Rs 10 each fully paid"	10,433,470	13,772,180	-	10,433,470	10,433,470
782,999 Units NMB Sulav Fund - Mutual Fund of Rs. 10 each fully paid"	7,829,990	11,040,286	-	7,829,990	7,829,990
1.4 Karja Suchana Kendra Ltd.					
3,530 Ordinary Shares of Rs. 100 fully paid up	353,000	-	-	353,000	353,000
8,825 Right Shares of Rs 100 fully paid up	882,500	-	-	882,500	882,500
24,244 Bonus Shares of Rs 100 fully paid up	-	-	-	-	-
1.5 Nepal Clearing House Ltd.					
25,000 Ordinary Shares of Rs. 100 fully paid up	2,500,000	-	-	2,500,000	2,500,000
1.6 National Banking Institute					
12,000 Shares of Rs. 100 fully paid up	1,200,000	-	-	1,200,000	1,200,000
1.7 Nepal SBI Merchant Banking Ltd.					
10,00,000 Shares of Rs. 100 fully paid up	100,000,000	-	-	100,000,000	-
2. Investment in Debentures and Bonds					
2.1					
2.2					
2.3					
Total Investment	148,218,960	413,536,126	-	148,218,960	42,093,960
3. Provision for Loss					
3.1 Up to previous year			6,125,000		
3.2 Additions/Write back this year			(6,125,000)		
Total Provision	-	-	-	-	-
Net Investment	148,218,960	413,536,126	-	148,218,960	42,093,960

SCHEDULE 12.1

INVESTMENT (HELD FOR TRADING) AS ON 31 ASHAD 2073 (15 JULY 2016)

Particulars	Cost Price Rs.	Previous Market Price (a) Rs.	Current Market Price (b) Rs.	This Year Profit /Loss (b-a) Rs.	Previous Year Profit / Loss Rs.	Remarks
1. Nepal Government Treasury Bills	-	-	-	-	-	-
2. Nepal Government Saving Bonds	-	-	-	-	-	-
3. Nepal Government Other securities	-	-	-	-	-	-
4. Nepal Rastra Bank Bonds	-	-	-	-	-	-
5. Foreign Securities	-	-	-	-	-	-
6. Shares of Domestic Licensed Institution	-	-	-	-	-	-
7. Debenture and Bond of Domestic Licensed Institution	-	-	-	-	-	-
8. Shares, Debentures and Bond of Domestic Entity	-	-	-	-	-	-
9. Foreign Bank Investment (Placement)	-	-	-	-	-	-
10. Interbank Lending	-	-	-	-	-	-
11. Other Investments						
11.1 1,043,347 Units NIBL Sambridhi Fund - Mutual Fund of Rs 10 each fully paid	10,433,470	10,537,805	13,772,180	3,234,375	104,335.00	-
11.2 782,999 Units NMB Sulav Fund - Mutual Fund of Rs. 10 each fully paid	7,829,990	7,829,990	11,040,286	3,210,296	-	-
Total Investment	18,263,460	18,367,795	24,812,466	6,444,671	104,335.00	-

SCHEDULE 12.2

INVESTMENT (HELD TO MATURITY) AS ON 31 ASHAD 2073 (15 JULY 2016)

Particulars	Cost Price (a) Rs.	Impairment Till Date (b) Rs.	Impairment This Year (c) Rs.	This Year Profit /Loss (a-b-c) Rs.	Previous Year Profit / Loss Rs.	Remarks
1. Nepal Government Treasury Bills	999,950,000	-	-	-	-	-
2. Nepal Government Saving Bonds	-	-	-	-	-	-
3. Nepal Government Other securities	4,850,000,000	-	-	-	-	-
4. Nepal Rastra Bank Bonds	-	-	-	-	-	-
5. Foreign Securities	-	-	-	-	-	-
6. Shares of Domestic Licensed Institution	-	-	-	-	-	-
7. Debenture and Bond of Domestic Licensed Institution	-	-	-	-	-	-
8. Shares, Debentures and Bond of Domestic Entity	-	-	-	-	-	-
9. Foreign Bank Investment (Placement)	13,286,591,426	-	-	-	-	-
10. Other Investments						
10.1 Deposit Collection into NRB	-	-	-	-	-	-
10.2 Placement into local Banks	-	-	-	-	-	-
Total Investment	19,136,541,426	-	-	-	-	-

SCHEDULE 12.3

INVESTMENT (AVAILABLE FOR SALE) AS ON 31 ASHAD 2073 (15 JULY 2016)

Particulars	Cost Price Rs.	Previous Market Price (a) Rs.	Current Market Price (b) Rs.	This Year Investment Adjustment Reserve (b-a) Rs.	Previous Year Profit /Loss Rs.	Remarks
1. Nepal Government Treasury Bills	-	-	-	-	-	-
2. Nepal Government Saving Bonds	-	-	-	-	-	-
3. Nepal Government Other securities	-	-	-	-	-	-
4. Nepal Rastra Bank Bonds	-	-	-	-	-	-
5. Foreign Securities	-	-	-	-	-	-
6. Shares of Domestic Licensed Institution	-	-	-	-	-	-
7. Debenture and Bond Domestic Licensed Institution	-	-	-	-	-	-
8. Shares, Debentures and Bond of Domestic Entity						
Listed	25,020,000	136,138,475	388,723,660	-	-	-
Not Listed	104,935,500	-	-	-	-	-
9. Foreign Bank Investment (Placement)	-	-	-	-	-	-
10. Interbank Lending	-	-	-	-	-	-
11. Other Investments	-	-	-	-	-	-
Total Investment	129,955,500	136,138,475	388,723,660	-	-	-

Note:

- * Even though the current market price is higher than the cost price, these have not been marked to market.
- * No Investment Adjustment Reserve has been maintained for investment in Karja Suchana Kendra Ltd., Nepal Clearing House Ltd., and National Banking Institute, and wholly own Subsidiary Nepal SBI Merchant Banking Limited as NRB Directive No 8/ 2072 has exempted maintenance of such reserve against such investments.

SCHEDULE 13

CLASSIFICATION OF LOANS, ADVANCES AND BILLS PURCHASE & PROVISIONING AS ON 31 ASHAD 2073 (15 JULY 2016)

Particulars	Loans & Advances					Bills Purchased/Discounted			This Year (Rs).	Previous Year (Rs).
	Domestic			Foreign	Total	Domestic	Foreign	Total		
	Deprived Sector		Other							
	Insured	Uninsured								
1. Performing Loan	-	2,145,071,414	44,544,730,400	184,627,865	46,874,429,679	-	602,569,069	602,569,069	47,476,998,748	40,396,945,208
1.1 Pass	-	2,145,071,414	44,317,617,660	184,627,865	46,647,316,939	-	602,569,069	602,569,069	47,249,886,008	39,016,674,076
1.2 Watch List	-	-	227,112,740	-	227,112,740	-	-	-	227,112,740	1,380,271,132
2. Non-Performing Loan	-	377,923	65,523,853	-	65,901,776	-	80,038	80,038	65,981,814	74,924,252
2.1 Restructured/Rescheduled	-	-	88,347	-	88,347	-	-	-	88,347	149,629
2.2 Sub-Standard	-	-	-	-	-	-	-	-	-	53,900
2.3 Doubtful	-	-	-	-	-	-	-	-	-	14,491,008
2.4 Loss	-	377,923	65,435,506	-	65,813,429	-	80,038	80,038	65,893,467	60,229,715
A. Total Loan	-	2,145,449,337	44,610,254,253	184,627,865	46,940,331,455	-	602,649,107	602,649,107	47,542,980,562	40,471,869,460
3. Loan Loss Provision										
3.1 Pass	-	21,450,714	443,234,983	1,846,279	466,531,976	-	6,025,691	6,025,691	472,557,667	390,166,740
3.2 Watch List		-	28,906,395	-	28,906,395	-			28,906,395	27,605,423
3.3 Restructured/Rescheduled	-	-	88,347	-	88,347	-		-	88,347	149,629
3.4 Sub-Standard	-	-	-	-	-	-	-	-	-	53,900
3.5 Doubtful	-	-	-	-	-	-	-	-	-	14,491,008
3.6 Loss	-	377,923	65,435,506		65,813,429	-	80,038	80,038	65,893,467	60,229,715
B. Total Provisioning	-	21,828,637	537,665,231	1,846,279	561,340,147	-	6,105,729	6,105,729	567,445,876	492,696,415
4. Provisioning up to previous year										
4.1 Pass	-	17,708,318	390,926,980	1,085,474	409,720,772	-	8,051,391	8,051,391	417,772,163	356,230,187
4.2 Restructured/Rescheduled	-		149,629		149,629	-	-	-	149,629	27,075,998
4.3 Sub-Standard	-		53,900		53,900	-	-	-	53,900	2,342,684
4.4 Doubtful	-	-	14,491,008	-	14,491,008	-	-	-	14,491,008	5,766,755
4.5 Loss	-	377,923	59,771,754	-	60,149,677	-	80,038	80,038	60,229,715	43,256,792
C. Total previous year's provision	-	18,086,241	465,393,271	1,085,474	484,564,986	-	8,131,429	8,131,429	492,696,415	434,672,416
D. Written Back from Previous Year	-	-	36,596,183	-	36,596,183	-	-	-	36,596,183	52,123,586
E. Additional Provision of Current Year	-	-	111,345,644	-	111,345,644	-	-	-	111,345,644	110,147,585
Changes in this year	-	-	74,749,461	-	74,749,461	-	-	-	74,749,461	58,023,999
Net Loan (A-B)	-	2,123,620,700	44,072,589,022	182,781,586	46,378,991,308	-	596,543,378	596,543,378	46,975,534,686	39,979,173,045

Note: Total Exposure under Deprived Sector is Rs. 21454.49 Lacs (Excluding Investment in share of RMDC and Gramin Bikas Bank Rs. 250.20 Lacs)

SCHEDULE 13 (Ka)

SECURITY WISE LOANS, ADVANCES AND BILLS PURCHASED AS ON 31 ASHAD 2073 (15 JULY 2016)

Particulars	This Year Rs.	Previous Year Rs.
A. Secured	47,542,980,562	40,471,869,460
1. Against Movable/Immovable Assets	43,211,505,638	36,811,569,369
2. Against Guarantee of Local Licensed Institutions		
3. Against Government Guarantee	156,120,721	156,120,721
4. Against Internationally Rated Bank Guarantee	-	-
5. Against Export Documents	1,091,615,241	1,055,433,528
6. Against Fixed Deposit Receipts	930,780,088	785,968,753
a. Own FDR	930,780,088	785,968,753
b. FDR of Other Licensed Institutions	-	-
7. Against Government Bonds	-	-
8. Against Counter Guarantee	-	-
9. Against Personal Guarantee	-	-
10. Against Other Securities	2,152,958,874	1,662,777,089
B. Unsecured		
Total (A + B)	47,542,980,562	40,471,869,460

SCHEDULE 14

FIXED ASSETS AS ON 31 ASHAD 2073 (15 JULY 2016)

Particulars	ASSETS					This Year Rs.	Previous Year Rs.
	Buildings	Vehicles	Machinery	Office Equipment	Others		
1. Cost Price							
a. Previous Year balance	-	237,816,741	266,990,196	476,810,976	130,783,208	1,112,401,121	979,699,220
b. Addition during the year	-	40,819,277	23,635,532	36,063,561	7,656,068	108,174,438	140,717,298
c. Revaluation/Written Back this year	-	-	-	-	-	-	-
d. Sold during the year	-	-	(2,540,662)	(10,221,292)	(3,721,242)	(16,483,196)	(7,426,027)
e. Write off during the year	-	-	-	-	-	-	(589,370)
Total Cost (a+b+c+d+e)	-	278,636,018	288,085,066	502,653,245	134,718,034	1,204,092,363	1,112,401,121
2. Depreciation							
a. Up to the Previous Year	-	100,793,690	236,098,098	341,270,105	63,386,956	741,548,849	631,412,648
b. For this year	-	33,302,383	15,461,381	48,466,518	8,780,703	106,010,985	116,652,563
c. Depreciation on revaluation/Write Back	-	-	-	-	-	-	-
d. Depreciation on Assets Sold/Write off	-	-	(2,508,211)	(9,423,408)	(2,341,055)	(14,272,674)	(6,516,362)
Total Depreciation	-	134,096,073	249,051,268	380,313,215	69,826,604	833,287,160	741,548,849
3. Book Value (WDV) (1-2)	-	144,539,945	39,033,798	122,340,030	64,891,430	370,805,203	370,852,272
4. Land	259,160,000	-	-	-	-	259,160,000	259,160,000
5. Capital Construction (Pending Capitalization)	-	-	-	-	-	-	-
6. Leasehold Assets	-	-	-	-	-	-	-
Total (3+4+5+6)	259,160,000	144,539,945	39,033,798	122,340,030	64,891,430	629,965,203	630,012,272

SCHEDULE 15

NON BANKING ASSETS AS ON 31 ASHAD 2073 (15 JULY 2016)

Name & Address of Borrower or Party	Date of acquisition Non Banking Assets	Total Amount of Non Banking Assets	Loss Provision		This Year (Rs)	Previous Year Rs. (Net NBA)
			In %	In Amount		
					-	-
					-	-
Total		-		-	-	-

SCHEDULE 16

OTHER ASSETS AS ON 31 ASHAD 2073 (15 JULY 2016)

Particulars		This Year Rs.	Previous Year Rs.
1. Stock of Stationery		6,404,241	4,518,922
2. Income receivable on Investment		127,098,583	48,878,619
3. Accrued Interest on Loan	57,375,025		73,945,606
Less: Interest Suspense Account	(57,375,025)	-	(73,945,606)
4. Commission Receivable		-	-
5. Sundry Debtors		62,338,707	124,650,115
6. Staff Loan & Advances		693,081,415	493,465,110
7. Pre Payments		15,579,665	19,311,546
8. Cash in Transit		-	-
9. Other Transit Items (Including Cheques)		-	-
10. Drafts paid without notice	22,359,375		22,359,375
Less: Provision	(22,359,375)	-	(22,359,375)
11. Expenses not written off (Govt. Development Bond Premium)		-	1,249,546
12. Branch Adjustment Account		-	-
13. Deferred Tax Assets		152,263,890	147,211,706
14. Others		171,951,011	73,374,093
a) Advance Income Tax (Net of Liability)		117,396,152	38,043,002
b) Others		54,554,859	35,331,091
Total		1,228,717,512	912,659,657

SCHEDULE 16 (Ka)

OTHER ASSETS (ADDITIONAL DETAILS) AS ON 31 ASHAD 2073 (15 JULY 2016)

Particulars	This Year Rs.				Previous Year Rs.
	Up to 1Year	1 to 3 years	Above 3years	Total	
1. Accrued Interest on Loan	22,131,105	12,864,930	22,378,990	57,375,025	73,945,606
2. Drafts Paid without notice	-	-	22,359,375	22,359,375	22,359,375
3. Branch Adjustment Account	-	-	-	-	-
4. Local/ Foreign Agency Account	-	-	-	-	-
Total	22,131,105	12,864,930	44,738,365	79,734,400	96,304,981

SCHEDULE 17

CONTINGENT LIABILITIES AS ON 31 ASHAD 2073 (15 JULY 2016)

Particulars	This Year Rs.	Previous Year Rs.
1. Claims on institution not accepted by the Institution	170,000	170,000
2. Letter of Credit (Full Amount)	2,971,148,369	2,111,273,300
a. Less than 6 months maturity	2,971,148,369	2,111,273,300
b. More than 6 months maturity	-	-
3. Rediscounted Bills	-	-
4. Unexpired Guarantees/Bonds	1,402,929,094	894,702,630
a. Bid Bonds	103,970,085	84,461,338
b. Performance Bonds	1,298,959,009	810,241,292
c. Other Guarantee/Bonds	-	-
5. Unpaid portion of partly paid shares	-	-
6. Forward Exchange Contract Liabilities	118,503,754	66,218,843
7. Bills under Collection	130,478,627	20,793,300
8. Acceptance & Endorsement	339,965,365	354,675,594
9. Underwriting Commitment	-	-
10. Irrevocable Loan Commitment*	8,450,256,534	5,961,257,307
11. Guarantee issued against on Counter Guarantee of Internationally Rated Banks	4,860,461,906	4,350,958,991
12. Advance Payment Guarantee	70,417,408	134,033,371
13. Financial Guarantee	-	101,600,000
14. Contingent Liabilities on Income Tax	3,892,740	9,294,795
15. Others	893,575	11,411,229
Total	18,349,117,372	14,016,389,360

* As defined by Capital Adequacy Framework 2015

SCHEDULE 18

INTEREST INCOME

FOR THE PERIOD FROM 1 SHRAWAN 2072 TO 31 ASHAD 2073 (17 JULY 2015 TO 15 JULY 2016)

Particulars	This Year Rs.	Previous Year Rs.
A. On Loans, Advances and Overdraft	3,681,230,116	3,566,178,613
1. Loans & Advances	2,949,248,246	2,839,345,090
2. Overdraft	731,981,870	726,833,523
B. On Investment	157,052,971	74,381,897
1. Nepal Government Securities	110,086,091	69,261,202
a. Treasury Bills	21,284,261	13,972,448
b. Development Bonds	88,801,830	55,288,754
c. National Saving Certificates	-	-
2. Foreign Securities	-	-
3. Nepal Rastra Bank Bonds (Reverse Repo & Deposit Collection)	44,929,064	3,603,397
4. Debenture & Bonds	-	-
5. Interest on Inter Bank Lending	2,037,816	1,517,298
a. Banks/Financial Institutions	2,037,816	1,517,298
b. Other Organizations	-	-
C. On Agency Balances	-	-
1. Local Banks/Financial Institutions	-	-
2. Foreign Banks	-	-
D. On Money at Call and Short Notice	-	-
1. Local Banks/Financial Institutions	-	-
2. Foreign Banks	-	-
E. On Others	142,979,253	180,765,828
1. Certificate of Deposits	-	-
2. Inter-Bank Loan	-	-
3. Others	142,979,253	180,765,828
a. Placement with Foreign Banks	120,893,885	156,920,315
b. Others	22,085,368	23,845,513
Total	3,981,262,340	3,821,326,338

SCHEDULE 19

INTEREST EXPENSES

FOR THE PERIOD FROM 1 SHRAWAN 2072 TO 31 ASHAD 2073 (17 JULY 2015 TO 15 JULY 2016)

Particulars	This Year Rs.	Previous Year Rs.
A. ON DEPOSIT LIABILITIES	1,445,227,871	1,673,914,607
1. Fixed Deposits	874,852,487	1,070,777,456
1.1 Local Currency	801,177,437	934,103,254
1.2 Foreign Currency	73,675,050	136,674,202
2. Saving Deposits	472,143,942	456,141,936
2.1 Local Currency	471,200,829	455,344,220
2.2 Foreign Currency	943,113	797,716
3. Call Deposits	98,231,442	146,995,215
3.1 Local Currency	85,943,975	141,108,379
3.2 Foreign Currency	12,287,467	5,886,836
4. Certificate of Deposits	-	-
B. ON BORROWINGS	119,923,057	99,927,696
1. Debentures & Bonds	97,800,000	97,800,000
2. Loan from Nepal Rastra Bank	-	-
3. Inter Bank /Financial Institutions Borrowing	22,123,057	2,127,696
4. Other Corporate Institutions	-	-
5. Other Borrowings	-	-
C. ON OTHERS		
Total	1,565,150,928	1,773,842,303

SCHEDULE 20

COMMISSION AND DISCOUNT INCOME

FOR THE PERIOD FROM 1 SHRAWAN 2072 TO 31 ASHAD 2073 (17 JULY 2015 TO 15 JULY 2016)

Particulars	This Year Rs.	Previous Year Rs.
A. Bills Purchase & Discount	1,937	69,217
1. Local	-	-
2. Foreign	1,937	69,217
B. Commission	176,119,169	137,952,464
1. Letters of Credit	31,200,417	30,436,467
2. Guarantees	77,486,550	45,583,790
3. Collection Fees	1,394,613	2,284,987
4. Remittance Fees	66,037,589	59,647,220
5. Credit Card	-	-
6. Share Underwriting/ Issue	-	-
7. Government Transactions	-	-
8. Agency Commission (E pra)	-	-
9. Exchange Fee	-	-
C. Others	289,676,201	202,332,356
1 Card Transactions	281,287,722	193,684,783
2 Agency Commission	8,233,516	8,462,230
3 Others	154,963	185,343
Total	465,797,307	340,354,037

SCHEDULE 21

OTHER OPERATING INCOME

FOR THE PERIOD FROM 1 SHRAWAN 2072 TO 31 ASHAD 2073 (17 JULY 2015 TO 15 JULY 2016)

Particulars	This Year Rs.	Previous Year Rs.
1. Safe Deposit Lockers Rental	5,814,798	5,417,326
2. Issue & Renewals of Credit Cards	-	-
3. Issue & Renewals of ATM Cards	24,747,048	68,487,425
4. Telex / T. T.	47,544,733	39,986,752
5. Service Charges	210,022,758	170,644,008
6. Renewal Fees	11,523,020	8,272,250
7. Others	18,431,797	14,883,272
Total	318,084,154	307,691,033

SCHEDULE 22

EXCHANGE FLUCTUATION GAIN/(LOSS)

FOR THE PERIOD FROM 1 SHRAWAN 2072 TO 31 ASHAD 2073 (17 JULY 2015 TO 15 JULY 2016)

Particulars	This Year Rs.	Previous Year Rs.
a. Revaluation Gain (Loss)	7,673,796	2,545,328
b. Trading Gain (except Exchange Fees)	128,696,143	116,924,096
Total Gain/ (Loss)	136,369,939	119,469,424

SCHEDULE 23

STAFF EXPENSES

FOR THE PERIOD FROM 1 SHRAWAN 2072 TO 31 ASHAD 2073 (17 JULY 2015 TO 15 JULY 2016)

Particulars	This Year Rs.	Previous Year Rs.
1. Salary	272,387,973	227,472,299
2. Allowances	184,921,493	156,364,147
3. Contribution to Provident Fund	25,272,592	21,948,148
4. Training Expenses	7,977,359	841,475
5. Uniform	542,790	863,657
6. Medical	9,239,366	8,306,305
7. Insurance	22,835,808	21,108,882
8. Pension, Gratuity and Leave Provision	7,559,700	98,341,160
9. Others (Canteen)	18,250,015	16,985,394
Total	548,987,096	552,231,467

SCHEDULE 24

OTHER OPERATING EXPENSES

FOR THE PERIOD FROM 1 SHRAWAN 2072 TO 31 ASHAD 2073 (17 JULY 2015 TO 15 JULY 2016)

Particulars	This Year Rs.	Previous Year Rs.
1. House Rent	125,707,425	90,845,072
2. Electricity & Water	18,521,347	18,103,085
3. Repair & Maintenance	31,268,144	25,727,260
a. Building (on lease)	3,129,103	831,866
b. Vehicles	3,189,452	3,045,453
c. Others(Computer, Office Equipment, Furniture)	24,949,589	21,849,941
4. Insurance	8,566,408	8,621,247
5. Postage, Telex, Telephone & Fax	12,486,540	10,392,487
6. Small equipments	1,051,920	427,472
7. Travelling Allowances & Expenses	18,302,795	12,229,200
8. Printing & Stationery	30,495,805	23,425,593
9. Books & Periodicals	1,382,995	1,274,159
10. Advertisements	12,633,025	5,081,499
11. Legal Expenses	1,614,807	1,443,807
12. Donations	2,660,772	5,000,000
13. Expenses relating to Board of Directors	2,165,991	1,375,192
a. Meeting Fees	894,700	1,052,500
b. Other Expenses	1,271,291	322,692
14. Annual General Meeting Expenses	1,431,972	2,633,899
15. Expenses relating to Audit	2,443,625	365,189
a. Audit Fees	2,316,500	271,200
b. Other Expenses	127,125	93,989
16. Commission on Remittances	-	-
17. Depreciation on Fixed Assets	106,010,985	116,652,563
18. Amortization of Preliminary Expenses	-	-
19. Share Issue expenses	-	-
20. Technical Services Fee	21,085,911	19,713,695
21. Entertainment	1,738,691	1,443,383
22. Written Off Expenses	-	-
23. Security Expenses	52,850,433	50,337,736
24. Credit & Deposit Guarantee Premium	22,200,000	19,533,106
25. Commission and Discount	-	-
26. Others	142,175,436	101,167,638
a) Information Technology Support Cost	30,501,219	22,973,235
b) Fuel	16,831,497	21,087,003
c) Bank Promotion	3,371,196	349,338
d) Nostro Transaction Charges	2,536,786	2,599,498
e) Outsourcing Expenses	12,023,182	7,539,254
f) Credit Information Report Charge	7,102,760	6,665,400
g) Master Card and Visa Charges	18,026,108	4,455,403
h) Other operating expenses	51,782,688	35,498,507
Total	616,795,027	515,793,282

SCHEDULE 25

PROVISION FOR POSSIBLE LOSSES

FOR THE PERIOD FROM 1 SHRAWAN 2072 TO 31 ASHAD 2073 (17 JULY 2015 TO 15 JULY 2016)

Particulars	This Year Rs.	Previous Year Rs.
1. Increase in Loan Loss Provision	111,345,644	110,147,585
2. Increase in Provision for Loss on Investment	-	6,125,000
3. Provision Against Non-Banking Assets	-	-
4. Provision Against Other Assets	-	368,369
Total	111,345,644	116,640,954

SCHEDULE 26

INCOME/(EXPENSES) FROM NON-OPERATING ACTIVITIES

FOR THE PERIOD FROM 1 SHRAWAN 2072 TO 31 ASHAD 2073 (17 JULY 2015 TO 15 JULY 2016)

Particulars	This Year Rs.	Previous Year Rs.
1. Profit/ (Loss) on Sale of Investments	-	-
2. Profit/ (Loss) on Sale of Assets	(1,706,121)	252,153
3. Dividend (Net)	3,991,542	4,645,381
4. Subsidies received from Nepal Rastra Bank	-	-
a. Reimbursement of losses of specified branches	-	-
b. Interest Indemnity	-	-
c. Exchange Counter	-	-
5. Others	7,679,543	5,811,169
Total Non-Operating Income/ (Expenses)	9,964,964	10,708,703

SCHEDULE 27

PROVISION FOR POSSIBLE LOSSES WRITE BACK

FOR THE PERIOD FROM 1 SHRAWAN 2072 TO 31 ASHAD 2073 (17 JULY 2015 TO 15 JULY 2016)

Particulars	This Year Rs.	Previous Year Rs.
1. Loan Loss Provision Write Back	36,596,183	52,123,586
2. Provision against Non Banking Assets Write Back	-	-
3. Investment Provision Write Back	6,125,000	-
4. Provision against other Assets Write Back	-	-
Total	42,721,183	52,123,586

SCHEDULE 28

INCOME/(EXPENSES) FROM EXTRA ORDINARY ACTIVITIES

FOR THE PERIOD FROM 1 SHRAWAN 2072 TO 31 ASHAD 2073 (17 JULY 2015 TO 15 JULY 2016)

Particulars	This Year Rs.	Previous Year Rs.
1. Recovery of Write off Loan	-	5,085,368
2. Voluntary Retirement Scheme Expenses	-	-
3. Loan Write -Offs (4.28 (ka))	-	-
4. Other Income/(expenses) (recovery of interest from written off loans)	-	14,954,613
Total	-	20,039,981

SCHEDULE 28 (Ka)

DETAILS OF LOAN WRITTEN-OFF FY 2072/73 (FY 2015/16)

S.No.	Types of Loan	Written off amount Rs.	Type of Security & Amount	Basis of valuation of collateral	Loan Sanction Authority / Designation	Effort made for recovery of Loans	Remarks
1	Working Capital Loan	-	-	-	-	-	
2	Project Loan	-	-	-	-	-	
3	Fixed Capital Loan	-	-	-	-	-	
4	Personal Loan	-	-	-	-	-	
5	Other Loan	-	-	-	-	-	
	Total Loan	-	-	-	-	-	

SCHEDULE 29

STATEMENT OF LOANS AND ADVANCES EXTENDED TO DIRECTORS/CHIEF EXECUTIVE / PROMOTERS/EMPLOYEES AND SHAREHOLDERS AS ON 31 ASHAD 2073 (15 JULY 2016)

Details of Loans & Advances including Bills Purchased and discounted provided to Directors, CEO, Promoters, Employees and Shareholders holding more than 1% shares (included in total loans & advances) and their undivided family members or Company in which such family members are the Managing Agent or Guarantor of such company is as under:

Name of Promoter/Director/Chief Executive	Outstanding up to Last Year		Recovered in Current Year		Additional Lending in this year	Outstanding as of Asadh end 2073	
	Principal	Interest	Principal	Interest		Principal	Interest
A. Directors	-	-	-	-	-	-	-
1.	-	-	-	-	-	-	-
B. Chief Executive	-	-	-	-	-	-	-
1.	-	-	-	-	-	-	-
2.	-	-	-	-	-	-	-
C. Promoters	-	-	-	-	-	-	-
1.	-	-	-	-	-	-	-
2.	-	-	-	-	-	-	-
D. Employees	-	-	-	-	-	-	-
1.	-	-	-	-	-	-	-
2.	-	-	-	-	-	-	-
E. Shareholders	-	-	-	-	-	-	-
1.	-	-	-	-	-	-	-
2.	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-

CAPITAL ADEQUACY TABLE

AS ON 31 ASHAD 2073 (15 JULY 2016)

SCHEDULE 30 (Ka1)

(Rs in '000)

Particulars	This Year Rs.	Previous Year Rs.
1.1 RISK WEIGHTED EXPOSURES	As on Ashad end 2073	As on Ashadh End 2072
a Credit Risk	54,579,259	45,441,740
b Operational Risk	3,699,700	3,009,910
c Market Risk	542,090	455,780
Total Risk Weighted Exposures (Before adjustments of Pillar II)	58,821,049	48,907,430
Adjustments Under Pillar II		
Add: SRP 6.4a (7) 2% of the Gross Income as per NRB Direction	564,177	477,451
Add: SRP 6.4a (9) 2% of the total RWE as per NRB Direction	1,176,421	978,149
Total Risk Weighted Exposures (After adjustments of Pillar II)	60,561,647	50,363,030
1.2 CAPITAL FUND		
(A) Core Capital (Tier I)	6,651,754	5,631,511
a Paid-up Equity Share Capital	3,883,736	3,058,060
b Irredeemable Non-cumulative preference shares	-	-
c Share Premium	-	79,160
d Proposed Bonus Equity Shares	1,089,344	825,676
e Statutory General Reserves	1,390,157	1,123,781
f Retained Earnings	-	-
g Accumulated Profit/(Loss)	29,056	3,161
h Capital Redemption Reserve	-	-
i Capital Adjustment Reserve	-	135,000
j Dividend Equalization Reserves	-	-
k Debenture Redemption Reserves	359,461	259,461
l Other Free Reserve	152,264	147,212
m Less: Goodwill	-	-
n Less: Deferred Tax Assets	(152,264)	-
o Less: Fictitious Assets	-	-
p Less: Investment in equity in licensed Financial Institutions	-	-
q Less: Investment in equity of institutions with financial interests	(100,000)	-
r Less: Investment in equity of institutions in excess of limits	-	-
s Less: Investments arising out of underwriting commitments	-	-
t Less: Reciprocal crossholdings	-	-
u Less: Purchase of land & building in excess of limit and unutilized	-	-
v Less: Other	-	-
Adjustments Under Pillar II		
Less: SRP 6.4a(1) Shortfall in Provision	-	-
Less: SRP 6.4a(2) Loans and Facilities extended to Related Parties and Restricted Lending	-	-
(B) Supplementary Capital (Tier II)	1,517,909	1,432,177
a Cumulative and/or Redeemable Preference Share	-	-
b Subordinated Term Debt (Unsecured)	1,000,000	1,000,000
c Hybrid Capital Instruments	-	-
d General Loan Loss Provision	501,464	417,772
e Exchange Equalization Reserve	15,945	14,027
f Investment Adjustment Reserve	500	378
g Assets Revaluation Reserve	-	-
h Other Reserves	-	-
Total Capital Fund (Tier I and Tier II)	8,169,663	7,063,688
1.3 CAPITAL ADEQUACY RATIOS		
Tier 1 Capital to Total Risk Weighted Exposures	10.98%	11.18%
Tier 1 and Tier 2 Capital to Total Risk Weighted Exposures	13.49%	14.03%



SCHEDULE 30 (Kha)

RISK WEIGHTED EXPOSURE FOR CREDIT RISK AS ON 31 ASHAD 2073 (15 JULY 2016)

(Rs in '000)

A. Balance Sheet Exposures	Ashad end 2073						Previous Year	
	Book Value	Specific Provision	Eligible CRM	Net Value	Risk Weight	Risk Weighted Exposures	Net Value	Risk Weighted Exposures
	a	b	c	d=a-b-c	e	f=d*e		
Cash Balance	1,799,377			1,799,377	0%	-	1,753,912	-
Balance With Nepal Rastra Bank	6,428,010			6,428,010	0%	-	4,662,434	-
Gold	-			-	0%	-	-	-
Investment in Nepalese Government Securities	5,849,950			5,849,950	0%	-	2,556,980	-
All Claims on Government of Nepal	156,121			156,121	0%	-	156,121	-
Investment in Nepal Rastra Bank securities	-			-	0%	-	-	-
All claims on Nepal Rastra Bank	13,187			13,187	0%	-	1,212,514	-
Claims on Foreign Government and Central Bank (ECA 0-1)				-	0%	-	-	-
Claims on Foreign Government and Central Bank (ECA -2)			-	-	20%	-	-	-
Claims on Foreign Government and Central Bank (ECA -3)			-	-	50%	-	-	-
Claims on Foreign Government and Central Bank (ECA-4-6)			-	-	100%	-	-	-
Claims on Foreign Government and Central Bank (ECA -7)			-	-	150%	-	-	-
Claims On BIS, IMF, ECB, EC and MDB's recognized by the framework				-	0%	-	-	-
Claims on Other Multilateral Development Banks			-	-	100%	-	-	-
Claims on Public Sector Entity (ECA 0-1)			-	-	20%	-	-	-
Claims on Public Sector Entity (ECA 2)			-	-	50%	-	-	-
Claims on Public Sector Entity (ECA 3-6)			-	-	100%	-	-	-
Claims on Public Sector Entity (ECA 7)			-	-	150%	-	-	-
Claims on domestic banks that meet capital adequacy requirements	2,064,102		-	2,064,102	20%	412,820	1,916,292	383,258
Claims on domestic banks that do not meet capital adequacy requirements	-		-	-	100%	-	130,282	130,282
Claims on foreign bank (ECA Rating 0-1)	264,881		-	264,881	20%	52,976	249,649	49,930
Claims on foreign bank (ECA Rating 2)	196,528		-	196,528	50%	98,264	30,848	15,424
Claims on foreign bank (ECA Rating 3-6)			-	-	100%	-	-	-
Claims on foreign bank (ECA Rating 7)			-	-	150%	-	-	-
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	14,462,213		-	14,462,213	20%	2,892,443	6,437,982	1,287,596
Claims on Domestic Corporates	29,936,899	-	854,113	29,082,786	100%	29,082,786	25,161,433	25,161,433
Claims on Foreign Corporates (ECA 0-1)			-	-	20%	-	-	-
Claims on Foreign Corporates (ECA 2)			-	-	50%	-	-	-

SCHEDULE 30 (Kha) Contd....

RISK WEIGHTED EXPOSURE FOR CREDIT RISK AS ON 31 ASHAD 2073 (15 JULY 2016)

(Rs in '000)

A. Balance Sheet Exposures	Ashad end 2073						Previous Year	
	Book Value	Specific Provision	Eligible CRM	Net Value	Risk Weight	Risk Weighted Exposures	Net Value	Risk Weighted Exposures
	a	b	c	d=a-b-c	e	f=d*e		
Claims on Foreign Corporates (ECA 3-6)			-	-	100%	-	-	-
Claims on Foreign Corporates (ECA 7)			-	-	150%	-	-	-
Regulatory Retail Portfolio (Not Overdue)	12,540,680	-	182,174	12,358,506	75%	9,268,880	10,164,132	7,623,099
Claims fulfilling all criterion of regularity retail except granularity			-	-	100%	-	-	-
Claims secured by residential properties	1,731,081	-	-	1,731,081	60%	1,038,649	1,759,779	1,055,867
Claims not fully secured by residential properties			-	-	150%	-	-	-
Claims secured by residential properties (Overdue)	20,981	13,262	-	7,719	100%	7,719	50,739	50,739
Claims secured by Commercial real estate	371,500		-	371,500	100%	371,500	30,000	30,000
Past due claims (except for claims secured by residential properties)	118,066	52,639	-	65,427	150%	98,141	60,099	90,149
High Risk claims	1,128,872	-	63,673	1,065,199	150%	1,597,799	904,617	1,356,926
Investments in equity and other capital instruments of institutions listed in stock exchange	49,832		-	49,832	100%	49,832	37,263	37,263
Investments in equity and other capital instruments of institutions not listed in the stock exchange	4,936	-	-	4,936	150%	7,404	4,936	7,404
Staff loan secured by residential property	391,467			391,467	60%	234,880	205,947	123,568
Interest Receivable/claim on government securities	60,197			60,197	0%	-	3,182	-
Cash in transit and other cash items in the process of collection	80	80		-	20%	-	-	-
Other Assets (as per attachment)	2,748,297	1,492,988	-	1,255,309	100%	1,255,309	1,311,029	1,311,029
TOTAL (A)	80,337,257	1,558,969	1,099,960	77,678,328		46,469,402	58,800,170	38,713,967



RISK WEIGHTED EXPOSURE FOR CREDIT RISK

AS ON 31 ASHAD 2073 (15 JULY 2016)

SCHEDULE 30 (Kha) Contd....
(Rs in '000)

B. Off Balance Sheet Exposures	Ashad end 2073						Previous Year	
	Book Value	Specific Provision	Eligible CRM	Net Value	Risk Weight	Risk Weighted Exposures	Net Value	Risk Weighted Exposures
	a	b	c	d=a-b-c	e	f=d*e		
Revocable Commitments		-	-	-	0%	-	-	-
Bills Under Collection	130,479	-	-	130,479	0%	-	20,793	-
Forward Exchange Contract Liabilities	118,504	-	-	118,504	10%	11,850	66,219	6,622
LC Commitments With Original Maturity Upto 6 months domestic counterparty	2,971,148	-	136,370	2,834,778	20%	566,956	1,992,768	398,554
Foreign counterparty (ECA Rating 0-1)	-	-	-	-	20%	-	-	-
Foreign counterparty (ECA Rating 2)	-	-	-	-	50%	-	-	-
Foreign counterparty (ECA Rating 3-6)	-	-	-	-	100%	-	-	-
Foreign counterparty (ECA Rating 7)	-	-	-	-	150%	-	-	-
LC Commitments With Original Maturity Over 6 months domestic counterparty	-	-	-	-	50%	-	-	-
Foreign counterparty (ECA Rating 0-1)	-	-	-	-	20%	-	-	-
Foreign counterparty (ECA Rating 2)	-	-	-	-	50%	-	-	-
Foreign counterparty (ECA Rating 3-6)	-	-	-	-	100%	-	-	-
Foreign counterparty (ECA Rating 7)	-	-	-	-	150%	-	-	-
Bid Bond, Performance Bond and Counter guarantee domestic counterparty	1,402,929	-	107,080	1,295,849	50%	647,925	847,861	423,931
Foreign counterparty (ECA Rating 0-1)	36,575	-	29,260	7,315	20%	1,463	21,615	4,323
Foreign counterparty (ECA Rating 2)	-	-	-	-	50%	-	-	-
Foreign counterparty (ECA Rating 3-6)	4,823,887	-	-	4,823,887	100%	4,823,887	4,172,901	4,172,901
Foreign counterparty (ECA Rating 7)	-	-	-	-	150%	-	-	-
Underwriting commitments	-	-	-	-	50%	-	-	-
Lending of Bank's Securities or Posting of Securities as collateral	-	-	-	-	100%	-	-	-
Repurchase Agreements	-	-	-	-	100%	-	-	-
Advance Payment Guarantee	70,417	-	5,674	64,743	100%	64,743	129,093	129,093
Financial Guarantee	-	-	-	-	100%	-	92,588	92,588
Acceptances and Endorsements	339,965	-	1,401	338,564	100%	338,564	349,494	349,494
Unpaid portion of Partly paid shares and Securities	-	-	-	-	100%	-	-	-
Irrevocable Credit commitments (short term)	8,450,257	-	203,370	8,246,887	20%	1,649,377	5,646,275	1,129,255
Irrevocable Credit commitments (long term)	-	-	-	-	50%	-	-	-
Other Contingent Liabilities	4,786	-	-	4,786	100%	4,786	20,706	20,706
Contingent Liabilities for Guarantee Claimed not accepted/ honoured	170	-	17	153	200%	306	153	306
TOTAL (B)	18,349,117	-	483,172	17,865,945	-	8,109,857	13,360,466	6,727,773
Total RWE for Credit Risk Before Adjustment (A + B)	98,686,374	1,558,969	1,583,132	95,544,273	-	54,579,259	72,160,636	45,441,740
Adjustments under Pillar II	-	-	-	-	-	-	-	-
Add: 10% of the loan and facilities in excess of Single Obligor Limits (6.4 a 3)	-	-	-	-	-	-	-	-
Add: 1% of the contract (sale) value in case of the sale of credit with recourse (6.4 a 4)	-	-	-	-	-	-	-	-
Total RWE for Credit Risk after Bank's adjustments under Pillar II	98,686,374	1,558,969	1,583,132	95,544,273	-	54,579,259	72,160,636	45,441,740

SCHEDULE 30 (Ga)

ELIGIBLE CREDIT RISK MITIGANTS

As on 31 Ashad 2073 (15 July 2016)

(Rs in '000)

Credit Exposures	Deposits with Bank	Deposits with other Banks/FI	Gold	Govt. & NRB Securities	G'tee of Govt. of Nepal	Sec/G'tee of other Sovereigns	G'tee of domestic Banks	G'tee of MDBs	Sec/G'tee of Foreign Banks	Total
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	
Balance Sheet Exposures	-	-	-	-	-	-	-	-	-	-
Cash Balance	-	-	-	-	-	-	-	-	-	-
Balance With Nepal Rastra Bank	-	-	-	-	-	-	-	-	-	-
Gold	-	-	-	-	-	-	-	-	-	-
Investment in Nepalese Government Securities	-	-	-	-	-	-	-	-	-	-
All Claims on Government of Nepal	-	-	-	-	-	-	-	-	-	-
Investment in Nepal Rastra Bank securities	-	-	-	-	-	-	-	-	-	-
All claims on Nepal Rastra Bank	-	-	-	-	-	-	-	-	-	-
Claims on Foreign Government and Central Bank (ECA 0-1)	-	-	-	-	-	-	-	-	-	-
Claims on Foreign government and Central Bank (ECA -2)	-	-	-	-	-	-	-	-	-	-
Claims on Foreign government and Central Bank (ECA -3)	-	-	-	-	-	-	-	-	-	-
Claims on Foreign government and Central Bank (ECA-4-6)	-	-	-	-	-	-	-	-	-	-
Claims on Foreign government and Central Bank (ECA -7)	-	-	-	-	-	-	-	-	-	-
Claims On BIS, IMF, ECB, EC and MDB's recognized by the framework	-	-	-	-	-	-	-	-	-	-
Claims on Other Multilateral Development Banks	-	-	-	-	-	-	-	-	-	-
Claims on Public Sector Entity (ECA 0-1)	-	-	-	-	-	-	-	-	-	-
Claims on Public Sector Entity (ECA 2)	-	-	-	-	-	-	-	-	-	-
Claims on Public Sector Entity (ECA 3-6)	-	-	-	-	-	-	-	-	-	-
Claims on Public Sector Entity (ECA 7)	-	-	-	-	-	-	-	-	-	-
Claims on domestic banks that meet capital adequacy requirements	-	-	-	-	-	-	-	-	-	-
Claims on domestic banks that do not meet capital adequacy requirements	-	-	-	-	-	-	-	-	-	-
Claims on foreign bank (ECA Rating 0-1)	-	-	-	-	-	-	-	-	-	-
Claims on foreign bank (ECA Rating 2)	-	-	-	-	-	-	-	-	-	-
Claims on foreign bank (ECA Rating 3-6)	-	-	-	-	-	-	-	-	-	-
Claims on foreign bank (ECA Rating 7)	-	-	-	-	-	-	-	-	-	-
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	-	-	-	-	-	-	-	-	-	-
Claims on Domestic Corporates	854,113	-	-	-	-	-	-	-	-	854,113
Claims on Foreign Corporates (ECA 0-1)	-	-	-	-	-	-	-	-	-	-
Claims on Foreign Corporates (ECA 2)	-	-	-	-	-	-	-	-	-	-
Claims on Foreign Corporates (ECA 3-6)	-	-	-	-	-	-	-	-	-	-
Claims on Foreign Corporates (ECA 7)	-	-	-	-	-	-	-	-	-	-
Regulatory Retail Portfolio (Not Overdue)	180,946	-	1,228	-	-	-	-	-	-	182,174



ELIGIBLE CREDIT RISK MITIGANTS

As on 31 Ashad 2073 (15 July 2016)

SCHEDULE 30 (Ga) Contd....

(Rs in '000)

Credit Exposures	Deposits with Bank	Deposits with other Banks/Fl	Gold	Govt. & NRB Securities	G'tee of Govt. of Nepal	Sec/G'tee of other Sovereigns	G'tee of domestic Banks	G'tee of MDBs	Sec/G'tee of Foreign Banks	Total
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	
Regulatory Retail Portfolio (Overdue)	-	-	-	-	-	-	-	-	-	-
Claims fulfilling all criterion of regularity retail except granularity	-	-	-	-	-	-	-	-	-	-
Claims secured by residential properties	-	-	-	-	-	-	-	-	-	-
Claims not fully secured by residential properties	-	-	-	-	-	-	-	-	-	-
Claims secured by residential properties (Overdue)	-	-	-	-	-	-	-	-	-	-
Claims secured by Commercial Real Estate	-	-	-	-	-	-	-	-	-	-
Past due claims (except for claims secured by residential properties)	-	-	-	-	-	-	-	-	-	-
High Risk claims	63,673	-	-	-	-	-	-	-	-	63,673
Investments in equity and other capital instruments of institutions listed in stock exchange	-	-	-	-	-	-	-	-	-	-
Investments in equity and other capital instruments of institutions not listed in the stock exchange	-	-	-	-	-	-	-	-	-	-
Other Assets (as per attachment)	-	-	-	-	-	-	-	-	-	-
Total	1,098,732	-	1,228	-	-	-	-	-	-	1,099,960
Off Balance Sheet Exposures	-	-	-	-	-	-	-	-	-	-
Revocable Commitments	-	-	-	-	-	-	-	-	-	-
Bills Under Collection	-	-	-	-	-	-	-	-	-	-
Forward Exchange Contract Liabilities	-	-	-	-	-	-	-	-	-	-
LC Commitments With Original Maturity Upto 6 months domestic counterparty	136,370	-	-	-	-	-	-	-	-	136,370
Foreign counterparty (ECA Rating 0-1)	-	-	-	-	-	-	-	-	-	-
Foreign counterparty (ECA Rating 2)	-	-	-	-	-	-	-	-	-	-
Foreign counterparty (ECA Rating 3-6)	-	-	-	-	-	-	-	-	-	-
Foreign counterparty (ECA Rating 7)	-	-	-	-	-	-	-	-	-	-
LC Commitments With Original Maturity Over 6 months domestic counterparty	-	-	-	-	-	-	-	-	-	-
Foreign counterparty (ECA Rating 0-1)	-	-	-	-	-	-	-	-	-	-
Foreign counterparty (ECA Rating 2)	-	-	-	-	-	-	-	-	-	-
Foreign counterparty (ECA Rating 3-6)	-	-	-	-	-	-	-	-	-	-
Foreign counterparty (ECA Rating 7)	-	-	-	-	-	-	-	-	-	-
Bid Bond, Performance Bond and Counter guarantee domestic counterparty	107,080	-	-	-	-	-	-	-	-	107,080
Foreign counterparty (ECA Rating 0-1)	-	-	-	-	-	-	-	-	29,260	29,260
Foreign counterparty (ECA Rating 2)	-	-	-	-	-	-	-	-	-	-
Foreign counterparty (ECA Rating 3-6)	-	-	-	-	-	-	-	-	-	-
Foreign counterparty (ECA Rating 7)	-	-	-	-	-	-	-	-	-	-
Contingent Liabilities for Guarantee Claimed not accepted/ honoured	17	-	-	-	-	-	-	-	-	17
Underwriting commitments	-	-	-	-	-	-	-	-	-	-
Lending of Bank's Securities or Posting of Securities as collateral	-	-	-	-	-	-	-	-	-	-

SCHEDULE 30 (Ga) Contd....

ELIGIBLE CREDIT RISK MITIGANTS

As on 31 Ashad 2073 (15 July 2016)

(Rs in '000)

Credit Exposures	Deposits with Bank	Deposits with other Banks/Fl	Gold	Govt. & NRB Securities	G'tee of Govt. of Nepal	Sec/G'tee of other Sovereigns	G'tee of domestic Banks	G'tee of MDBs	Sec/G'tee of Foreign Banks	Total
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	
Repurchase Agreements	-	-	-	-	-	-	-	-	-	-
Advance Payment Guarantee	2,588	-	-	-	-	-	-	-	3,086	5,674
Financial Guarantee	-	-	-	-	-	-	-	-	-	-
Acceptances and Endorsements	1,401	-	-	-	-	-	-	-	-	1,401
Unpaid portion of Partly paid shares and Securities	-	-	-	-	-	-	-	-	-	-
Irrevocable Credit commitments (short term)	203,370	-	-	-	-	-	-	-	-	203,370
Irrevocable Credit commitments (long term)	-	-	-	-	-	-	-	-	-	-
Claims on foreign bank incorporated in SAARC region operating with a buffer of 1% above their respective regulatory capital requirement	-	-	-	-	-	-	-	-	-	-
Other Contingent Liabilities	-	-	-	-	-	-	-	-	-	-
Total	450,826	-	-	-	-	-	-	-	32,346	483,172
Grand Total	1,549,558	-	1,228	-	-	-	-	-	32,346	1,583,132

SCHEDULE 30 (Gha)

RISK WEIGHTED EXPOSURE FOR OPERATIONAL RISK

As on 31 Ashad 2073 (15 July 2016)

(Rs in '000)

S.N.	Particulars	Previous Years from Ashad end 2072			As on Ashad end 2072
		FY 2069/70	FY 2070/71	FY 2071/72	
1	Net Interest Income	1,623,535	1,745,043	2,047,484	-
2	Commission and Discount Income	313,697	320,425	340,354	-
3	Other Operating Income	157,756	217,267	307,691	-
4	Exchange Fluctuation Income	101,915	107,807	119,469	-
5	Addition/Deduction in Interest Suspense during the period	(5,658)	(3,285)	5,888	-
6	Gross income (a)	2,191,245	2,387,257	2,820,886	-
7	Alfa (b)	15%	15%	15%	-
8	Fixed Percentage of Gross Income [c=(a×b)]	328,687	358,089	423,133	-
9	Capital Requirement for operational risk (d) (average of c)	-	-	369,970	300,991
10	Risk Weight (reciprocal of capital requirement of 10%) in times (e)	-	-	10	10
11	Equivalent Risk Weight Exposure [f=(d×e)]	-	-	3,699,700	3,009,910
SRP 6.4a (8) Adjustments under Pillar II (If Gross Income for the last three years is negative)		-	-	-	-
1	Total Credit and Investment (net of Specific Provision)	-	-	-	-
2	Capital Requirement for Operational Risk	-	-	-	-
3	Risk Weight (reciprocal of capital requirement of 10%) in times	-	-	10	-
4	Equivalent Risk Weight Exposure (g)	-	-	-	-
5	Equivalent Risk Weight Exposure [h=f+g]	-	-	3,699,700	3,009,910

RISK WEIGHTED EXPOSURE FOR MARKET RISK

As on 31 Ashad 2073 (15 July 2016)

SCHEDULE 30 (Nga)

Rs. in '000

S.No.	Currency	As on Ashad end 2073			Relevant Open Position Ashad end 2072 (NPR)
		Open Position (FCY)	Open Position (NPR)	Relevant Open Position (NPR)	
1	INR	668,080.18	1,069,429	1,069,429	895,567
2	USD	72.72	7,803	7,803	6,991
3	EUR	(0.39)	(47)	47	1,509
4	GBP	4.81	690	690	2,106
5	CHF	0.46	50	50	91
6	AUD	58.30	4,808	4,808	4,656
7	CAD	3.68	305	305	171
8	SGD	5.46	436	436	-
9	JPY	(454.43)	(463)	463	456
10	HKD	8.42	117	117	
11	DKK	2.50	40	40	
12	SEK				
13	SAR				
14	QAR				
15	AED				
16	MYR				
17	KRW				5
18	CNY				
19	KWD		-	-	-
20	BHD		-	-	-
(a) Total Open Position				1,084,188	911,552
(b) Fixed Percentage				5%	5%
(c) Capital Charge for Market Risk (=a×b)				54,209	45,578
(d) Risk Weight (reciprocal of capital requirement of 10%) in times				10	10
(e) Equivalent Risk Weight Exposure (=c×d)				542,090	455,780

- Figure in Bracket

DISCLOSURE UNDER CAPITAL ADEQUACY FRAMEWORK OF NRB (BASEL II)

As on 31 Ashad 2073 (15 July 2016)

1. CAPITAL STRUCTURE & CAPITAL ADEQUACY

i. Core Capital (Tier I)

(Amount in Lacs)

	Particulars	Amount
A	Paid-up Equity Share Capital	38,837
B	Share Premium	0
C	Statutory General Reserve	13,902
D	Proposed Bonus Equity Shares	10,893
E	Accumulated Profit/(Loss)	291
F	Capital Adjustment Reserve	0
G	Debenture Redemption Reserve	3,595
H	Other Free Reserve	1,523
I	Less: Deferred Tax Assets	-1,523
J	Less: Investment in equity of institutions with financial interests	-1,000
	Total Core Capital (Tier I)	66,518

ii. Supplementary Capital (Tier II)

(Amount in Lacs)

	Particulars	Amount
A	Subordinate Term Debt	10,000
B	General Loan Loss Provision	5,015
C	Investment Adjustment Reserve	5
D	Exchange Equalization Reserve	159
	Total Supplementary Capital (Tier II)	15,179

iii. Information about Subordinate Term Debt

(Amount in Lacs)

1. 12.5% Nepal SBI Bank Debentures 2078 of Rs.1,000 each (Unsecured) issued on 12.02.2012 and maturing on 11.02.2022 of Rs. 4,000.00 lacs;		
2. 8% Nepal SBI Bank Debentures 2079 of Rs.1,000 each (Unsecured) issued on 03.02.2013 and maturing on 02.02.2023 of Rs. 4,000.00 lacs and		
3. 7.9% Nepal SBI Bank Debentures 2080 of Rs. 1,000 each (Unsecured) issued on 20.04.2014 and maturing on 19.04.2024.		
-	Outstanding Amount	10,000
	Fixed Maturity Period of 10 Years	
	Interest Payment - Half Yearly	
	At the time of liquidation, right of claims will be only after depositors	
	Redeemable and Non-Convertible	
-	Outstanding Balance of Redemption Reserve	3,595
-	Amount raised during the year	
-	Amount released during the year due to maturity	
-	Amount Eligible to be reckoned as Capital Fund	10,000

iv. Deduction From Capital

(Amount in Lacs)

Particulars	Amount
Deferred Tax Assets	1,523
Investment in equity of institutions with financial interests	1,000
Total	2,523

v. Total Qualifying Capital

(Amount in Lacs)

Particulars	Amount
Total Core Capital (Tier I)	66,518
Total Supplementary Capital (Tier II)	15,179
Total Capital Fund (Tier I + Tier II)	81,697

vi. Capital Adequacy Ratio

Capital Adequacy Ratio (Percentage)	13.49%
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vii. Summary of the bank's internal approach to assess the adequacy of capital to support current and future activities

The Bank has Internal Capital Adequacy Assessment Process (ICAAP) Policy, which is revised every year to support current and future activities. The ICAAP review process is intended to ensure that we have adequate capital to support all the risks in business, to improve upon them over time and achieve better risk management techniques in monitoring and managing risks. ICAAP Committee meets at monthly intervals to review the internal capital assessment commensurate with the risk profile and review the portfolios which require capital charge.

2. RISK EXPOSURE

i. Risk Weighted Exposure for Credit Risk, Market Risk and Operational Risk

(Amount in Lacs)

	Particulars	Amount
A	Risk Weighted Exposure for Credit Risk	545,793
B	Risk Weighted Exposure for Operational Risk	36,997
C	Risk Weighted Exposure for Market Risk	5,421
D	Add: 2% of the total RWE as per NRB Direction.	11,764
E	Add: 2% of the Gross Income as per NRB Direction	5,642
	Total Risk Weighted Exposure (A+B+C+D)	605,617

ii. Risk Weighted Exposure under each 11 Categories of Credit Risk

(Amount in Lacs)

S.No.	Categories	Amount
1	Claims on Government and Central Bank	-
2	Claims on Other Official Entities	-
3	Claims on Banks	34,565
4	Claims on Corporate and Securities Entities	290,828
5	Claims on Regulatory Retail Portfolio	92,689
6	Claims Secured by Residential Properties	10,464
7	Claims Secured by Commercial Real Estate	3,715
8	Past Due Claims	981
9	High Risk Claims	15,978
10	Other Assets	15,473
11	Off Balance Sheet Items	81,099
Total		545,792

iii. Amount of Non Performing Assets (Gross and Net Amount)

(Amount in Lacs)

	Particulars	Gross Amount	Provision	Net Amount
A	Restructured	0.88	0.88	-
B	Sub-standard	0.00	0.00	-
C	Doubtful	0.00	0.00	-
D	Loss	658.93	658.93	-
Total		659.81	659.81	-

iv. Non Performing Assets (NPA) Ratios

NPA Ratios	Percentage (%)
- Gross NPA to Gross Advances	0.14%
- Net NPA to Net Advances	0.00%

v. Movement of Non Performing Assets

(Amount in Lacs)

S.No.	Particulars	Opening Balance (Ashad End 2072)	Closing Balance (Ashad End 2073)	Movement
Non Performing Loan				
1	Restructured Loan	1.50	0.88	(0.62)
2	Sub-Standard	0.54	0.00	(0.54)
3	Doubtful	144.91	0.00	(144.91)
4	Loss	602.30	658.93	56.63

vi. Write off of Loans and Interest Suspense

Interest suspense of Rs. 12,927,060.03 has been written off during the year.

vii. Movement of Loan Loss Provision and Interest Suspense

Loan Loss Provision

(Amount in Lacs)

S.No.	Particulars	Opening Balance (Ashad End 2072)	Closing Balance (Ashad End 2073)	Movement
1	Pass	3,902	4,726	824
2	Watch List	276	289	13
3	Restructure	1.50	0.88	(0.62)
4	Sub-Standard	0.54	-	(0.54)
5	Doubtful	145	-	(145)
6	Loss	602	659	57
Total Loan Loss Provision		4,927	5,675	748

Viii. Interest Suspense

(Amount in Lacs)

S.No.	Particulars	Opening Balance (Ashad End 2072)	Closing Balance (Ashad End 2073)	Movement
1	Interest Suspense	739	574	(165)

ix. Details of Additional Loan Loss Provision

(Amount in Lacs)

S.No.	Particulars	Ashad End 2073
1	Pass	824
2	Watch List	13
3	Restructure	-
4	Sub-Standard	-
5	Doubtful	-
6	Loss	277
Total		1,114

x. Segregation of the Bank's Investment portfolio

Investments are segregated as per NRB Directive. At the present, investment under category "Held for Trade" is Nil and investments under other categories are as follows:

A. Investment Held for Trading

(Amount in Lacs)

S.No.	Particulars	Cost Price Rs.	Previous Market Price (A)	Current Market Price (B)	This Year Profit /Loss (B-A) Rs.	Previous Year Profit /Loss Rs.	Remarks
Mutual Fund Investments							
1	1,043,347 Units NIBL Sambridhi Fund - Mutual Fund of Rs 10 each fully paid	104.33	105.38	137.72	32.34	1.05	
2	782,999 Units NMB Sulav Fund - Mutual Fund of Rs. 10 each fully paid	78.30	78.30	110.40	32.10	-	-
Total Investment		182.63	183.68	248.12	64.44	1.05	-

B. Investment Held to Maturity

(Amount in Lacs)

S.No.	Particulars	Cost Price (a) Rs.	Impairment Till Date (b) Rs.	Impairment This Year (c) Rs.	This Year Profit /Loss (a-b-c) Rs.	Previous Year Profit / Loss Rs.	Remarks
1	Nepal Government Treasury Bills	9,999.50	-	-	-	-	
2	Nepal Government Other securities	48,500.00	-	-	-	-	
3	Foreign Bank Investment (Placement)	132,865.91	-	-	-	-	
4	Deposit Collection into NRB	-	-	-	-	-	
5	Placement into local Banks	-	-	-	-	-	
	Total Investment	191,365.41	-	-	-	-	

C. Investment Available for Sale

(Amount in Lacs)

S.No.	Particulars	Cost Price Rs.	Previous Market Price(a) Rs.	Current Market Price (b) Rs.	This Year Investment Adjustment Reserve (b-a) Rs.	Previous Year Profit /Loss Rs.	Remarks
1	Shares, Debentures and Bond of Domestic Entity						
	Listed	250.20	1,361.38	3,887.24	-	-	
	Not Listed*	1,049.36	-	-	-	-	
	Total Investment	1,299.56	1,361.38	3,887.24	-	-	

* No Investment Adjustment Reserve has been maintained for investment in Karja Suchana Kendra Ltd., Nepal Clearing House Ltd., and National Banking Institute and fully owned subsidiary Nepal SBI Merchant Banking Ltd. as NRB Directive No 8/ 2072 has exempted maintenance of the investment reserve against such investments.

3. RISK MANAGEMENT FUNCTION

i. Strategies and Policies

Credit risk process is a joint effort between its marketing and credit areas. Credit officers are engaged in analyzing inherent risks in the customer's business, ability to repay and structure a facility that simultaneously accommodates the financing needs, while assuring security, protection and control of the bank's assets and collateral.

ii. The Structure and Organization of the Relevant Risk Management Function

A comprehensive Risk Management System has been ensured to deal with various types of risks. The risk management function is overseen by the Board of Directors through the Risk Management Committee of the Board (RMCB) and Audit Committee of the Board (ACB). Besides, there are Credit Risk Management Committee (CRMC), Asset Liability Management Committee (ALCO), Market Risk Management Committee (MRMC) and Operational Risk Management Committee (ORMC) for formulating and reviewing the risk management policies and monitoring their implementation in the matters related to credit, market and operational risks. The progress of the action implementation is reviewed by the Bank's Board, including review of the decisions of the Central Management Committee. The Bank has already migrated to Basel-II norms and the Capital to Risk Weighted Assets Ratio (CRAR) is also being worked out as per the guidelines of Basel-II. The Bank also plans to go for Operational Risk Management Solution software in near future for assessing the Operational

Risk on an ongoing basis. To control, obviate and mitigate the operational risk, the Bank has put in place comprehensive operational guidelines and has also issued various manuals, such as Cash Module Manual, IT manual, Finacle Job cards, TFCPC manual, Internet Banking guidelines, Mobile Banking operational guidelines, Credit assessment and process guidelines for the operating units.

The Risk structures are being revisited at frequent intervals and the requisite policies, systems are being introduced and kept updated. For both credit and market risks, stress testing is being done regularly. With all branches on Core Banking Solution (CBS), Credit Information and MIS works on a robust platform. The Bank has direct access to the CIB database which have been allocated to our operating units/offices, enabling them to generate Credit Information Report on borrowers / prospective borrowers from this database. An MIS website is maintained by Bank to provide easy access to the central database, which is being extensively used by the operating units. Various returns to be submitted to regulatory agencies are now being centrally generated at Corporate office level, thus enabling branches to focus more on business development and customer services.

The Bank has Integrated Risk Management Department headed by Chief Risk Officer (CRO) to strengthen the Risk Management structure, which includes assessing, identifying, monitoring and reducing pertinent business risk that could interface with the Bank's objectives and goal.

iii. The Scope and Nature of Risk Reporting and / or Measurement Systems

Risk reporting / measurement system is done through regular customer interactions, site inspections & annual reviews. These are continuous processes. Further, review of the bank's performance is conducted every quarter and findings are reported to the BOD.

iv. Policies for Hedging and / or the mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges / mitigates

Policies for mitigating risks & strategies are as outlined in the respective manuals and as discussed at various levels after customer interactions / visits, during annual reviews, quarterly reviews and at meetings at various levels.

v. Eligible CRM (Credit Risk Mitigants)

Particulars	(Amount in Lacs) Eligible CRM
Deposits with Bank	15,496
Govt. & NRB Securities	-
Gold	12
G'tee of domestic banks	-
G'tee of foreign banks	323
Total	15,831

SCHEDULE 31

PRINCIPAL INDICATORS (FOR 5 YEARS)

Particulars	Indicators	Fiscal Year				
		2068/2069	2069/2070	2070/2071	2071/2072	2072/2073
1. Percent of Net Profit/Gross Income	%	11.25	16.47	19.97	23.22	27.17
2. Earnings Per Share	Rs.	22.93	32.75	34.83	34.84	34.29
3. Market Value per Share (as on mid July, date of closing)	Rs.	635.00	850.00	1,280.00	887.00	1875.00
4. Price Earning Ratio	Times	27.69	25.95	36.75	25.46	54.68
5. Dividend (including bonus) on share capital	%	17.50	20.00	22.07	28.42	29.53
6. Cash Dividend on Share Capital	%	5.00	7.50	7.0237	1.42	1.48
7. Interest Income/Loans & Advances	%	11.27	11.20	9.55	8.81	7.74
8. Staff Expenses/Total Operating Expenses	%	38.78	46.61	46.68	51.71	47.09
9. Interest Expenses/Total Deposit and Borrowings	%	5.14	4.16	4.02	3.37	2.22
10. Exchange Gain/Total Income	%	2.37	2.18	2.33	2.60	2.78
11. Staff (Statutory) Bonus/ Total Staff Expenses	%	19.19	21.04	22.85	22.00	25.91
12. Net Profit/Loans & Advances	%	1.81	2.64	2.58	2.63	2.80
13. Net Profit/ Total Assets	%	0.83	1.19	1.51	1.80	1.70
14. Total Credit/Deposit	%	49.62	49.55	65.54	78.39	72.90
15. Total Operating Expenses/Total Assets	%	6.06	5.22	5.21	4.79	3.48
16. Adequacy of Capital Fund on Risk Weightage Assets						
a. Core Capital	%	9.16	9.59	10.19	11.18	10.98
b. Supplementary Capital	%	2.05	2.80	3.09	2.84	2.51
c. Total Capital Fund	%	11.21	12.39	13.28	14.03	13.49
17. Liquidity (CRR)	%	8.33	9.58	9.32	10.92	8.33
18. Non Performing Credit/Total Credit	%	0.54	0.37	0.26	0.19	0.14
19. Base Rate (For the month of Ashadh)	%	NA	9.86	8.78	7.71	5.98
20. Weighted Average Interest Rate Spread	%	2.70	3.38	3.45	3.85	4.00
21. Book Net worth	Rs.	3,196,710,863	3,798,957,417	4,535,798,670	5,645,914,521	6,920,462,451
22. Total Shares	No.	20,939,898	23,557,385	26,502,058	30,580,595	38,837,356
23. Total Employees	No.	538	538	607	596	679
24. Return on Average Shareholder's Equity	%	15.02	20.31	22.85	21.51	22.16
25. Return on Average Assets	%	1.01	1.19	1.50	1.70	2.00
26. Book Value Per Share	Rs.	152.66	161.26	171.15	184.62	178.19
27. Cost to Income Ratio	%	49.79%	40.68%	39.70%	37.94%	34.94%
28. ATM Terminals	No.	75	75	75	78	85
29. Branches	No.	50	56	56	56	62

PRINCIPAL ACCOUNTING POLICIES

FINANCIAL YEAR FROM 1 SHRAWAN 2072 TO 31 ASHAD 2073 (17 JULY 2015 TO 15 JULY 2016)

1) General information

- a. Nepal SBI Bank Limited is a limited liability public listed company domiciled in Nepal. The registered office of the “Bank” is situated at Kesharmahal, Kathmandu, Nepal. It is a Joint Venture of State Bank of India, incorporated in India, which holds 55.09% shares in the Bank.

The Bank carries out commercial banking activities and other financial services in Nepal under the license from Nepal Rastra Bank (NRB, The Central Bank of Nepal) as “Ka” Class licensed institution.

b. Approval of Financial Statements

The Financial Statements for the year ended 31st Ashad 2073 (15th July 2016) were authorised for issue by the Board of Directors on its meeting held on 03/10/2016 and have recommended for approval of shareholders in the Annual General Meeting.

c. Statement of Compliance

The Financial Statements have been prepared as prescribed in Directives issued by the Rastra Bank and Banks & Financial Institutions Act 2063.

d. Basis of Financial Statements Preparation

The Financial Statements are prepared under the historical cost convention basis and on the accrual basis of accounting, except for interest income on loans and advances, which is accounted for on cash basis as per NRB directive, investment held for trading and foreign currency items. The figures in Financial Statements are presented in Nepalese Rupees and have been rounded to the nearest Rupee.

e. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount and application of policies of the assets, income, expenses and disclosure relating to the contingent liabilities in the Financial Statements. Management believes that estimates used in the preparation of financial statements are prudent and reasonable.

Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected. These policies have been consistently applied to all the years presented except otherwise stated.

2. Interest Income Recognition

Interest income from loans and advances is recognised on cash basis as per the Directives of Nepal Rastra Bank, which is not in line with, recognition of interest income on accrual basis, Paragraph 30 of NAS 18 -Revenue.

Interest income from investments and staffs loans, booked as other assets, is recognised on accrual basis.

3. Commission and Fee Income Recognition

Commission and fee income mainly comprises fees received from customers for guarantees, letter of credit and other services provided by the Bank. Such income is recognised as revenue on cash basis at the time the services are provided.

4. Dividend Income Recognition

Dividend on equity share is recognised as income when the right to receive is established.

5. Foreign Currency Transactions and Balances

Foreign currency assets and liabilities are translated into Nepalese Rupees at the prevailing middle rate ruling on the Balance Sheet date.

Income arising from the difference between buying and selling rates of foreign exchange transactions are recorded on a daily basis and shown as “Trading Gain/loss on Foreign Exchange”

Gains/losses arising due to fluctuation in exchange rate of different foreign currencies is accounted for on daily basis as “Revaluation Gain/Loss”. As per Directives of Nepal Rastra Bank, 25% of the revaluation gain is transferred to Exchange Fluctuation Reserve through Profit and Loss Appropriation Account.

6. Interest Expense Recognition

Interest payable on deposit liabilities, debenture bond borrowings and other liabilities are accounted for on accrual basis.

7. Presentation of Loans, Advances and Bills Purchased

Loans, advances and bills purchased are presented in the Balance Sheet net off with its provisions in accordance with the Directives issued by Nepal Rastra Bank. The loans, advances and bills purchased are classified and presented as per the Directives of Nepal Rastra Bank.

8. Loan Loss Provision

Provision for possible losses on loans, advance and bills purchased has been made to cover risks inherent in bank’s loan portfolio. Provision for possible losses on loans, advances and bills purchased are made at the rates ranging from 1% to 100% according to classification of such assets and permitted as per Directives of Nepal Rastra Bank.

9. Loan (Book) Write off

Unrecoverable loans and advances graded “Loss” in compliances with NRB Directives are written off in the books as per criteria/ policy upon approval of the Board of Directors. Amount recovered against loans written off are recognised as income in the year of recovery.

10. Loans to the Staffs

Loans and advances granted to the staffs in accordance the Staff Loan Schemes as prescribed by staff bye laws are presented under Other Assets as prescribed in the Directives of Nepal Rastra Bank.

11. Investments

The Bank has segregated its investment portfolio into following three categories in compliance with NRB Directives:

a. Held for Trading:

An investment that is made for the purpose of generating a profit from short term fluctuations in price is classified under this category. An asset is classified as held for trading even if it is a part of a portfolio of similar assets for which there is a pattern of trading for the purpose of generating a profit from short term fluctuations in price. These investments are marked to market and differences reflected in the profit and loss account.

b. Held to Maturity:

Investments made with positive intent and ability of the bank to hold till maturity is classified as held to maturity investments. The held to maturity investments are valued at historical cost.

c. Available for Sale:

All other investments that are neither “held for trading” nor “held to maturity” are classified under this category. These investments are marked to market on a regular basis and the difference is adjusted through reserves. As the

market price is higher than the cost price of such investments, the investments have been recognised at cost price.

Bank maintains Investment Adjustment Reserve (eligible as Tier 2 capital) to the extent of 2% of available for sale portfolio as per Directives of Nepal Rastra Bank.

12) Fixed Assets and Depreciation

- i) Fixed assets are stated at cost less accumulated depreciation.
- ii) Land is not depreciated.
- iii) Asset with a value less than Rs 5,000 is charged off as a revenue expense in the year of purchase irrespective of its useful life.
- iv) Fixed assets and cost on improvements and renovation of leasehold properties are depreciated at rates based upon their expected useful lives, using the straight-line method and grouped under 'Others' in schedule 14. The estimated useful lives and depreciation rates of fixed assets are as follows:

Asset Heads	Useful Life (years)	Depreciation Rate (%)
Equipments and Computer & Accessories	2.5 -5	40 – 20
Furniture	6.67-10	15 - 10
Civil Construction (Leasehold assets)	13.33	7.50
Vehicle	6.66	15

13) Intangible Assets

a. Basis of Recognition

An intangible asset is recognised if it is probable that the future economic benefits that are attributable to the assets will flow to the bank and the cost of the assets can be measured reliably.

b. Measurement

Software: Software represents the value of computer application software licensed for use

of the Bank, other than software applied to the operation software system of computers. These intangible assets are carried at its cost, less accumulated depreciation and any impairment losses. These assets are included under the account head "Computers and Accessories" and amortized accordingly.

14) Non-Banking Assets (NBA)

Non-Banking Assets represent properties that are acquired in full or partial satisfaction of debts.

The Bank has adopted a policy of acquiring properties that are placed as collateral in full or partial satisfaction of debts as per prevailing laws and guidelines. The value of such properties is determined as per Directives of Nepal Rastra Bank.

Non-Banking Assets are stated net of provision for losses in the Balance Sheet as per NRB Directives.

15) Employee Benefits

Short Term Employee Benefit

The undiscounted amount of short-term employee benefits, such as salaries, medical benefit, staff bonus etc. which are expected to be paid in exchange for the service rendered by employees is recognised during the period when the employee renders the service.

The Bank offers leave encashment facility to its confirmed employees which may be encashed during the service period as per the Staff Service Rule of the Bank and unused leave up to prescribed limit in Staff Service Rule is accumulated and paid at the time of separation from service. Provision for leave has been made as per actuarial valuation.

Defined Contribution Plan

Bank contributes 10% of Basic Salary of all permanent employees as provident fund

to “Nepal SBI Bank Limited Retirement Fund” and same amount is contributed from employee. “Nepal SBI Bank Limited Retirement Fund” is an approved retirement fund which is independently administrated. Bank’s contribution is charged as expense when employee has rendered service to bank.

Bank pays insurance premium of life insurance and group accidental policy of its permanent employee as per Staff Service Rules of the Bank. Insurance policy is in the name of a specified plan participant and bank has no legal liability to cover any loss on the policy and insurer has sole responsibility for paying the benefit. The amount of insurance premium paid is charged as expense for the period.

Defined Benefit Plan

Permanent employee of bank is eligible for gratuity payment on their separation from service as per Staff Service Rule of the Bank. Provision for gratuity has been made as per actuarial valuation. Gratuity payables have not been funded.

16) Stationery Stock

Stationery purchased is stated at cost and charged to revenue at the time of consumption.

17) Provision for Taxation

Provision for taxation is computed on the basis of the Income Tax Act 2058 and amendments thereto.

18) Deferred Tax

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities, and their respective tax bases. Deferred tax assets and liabilities are measured

using tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled based on the laws that have been enacted or subsequently enacted on the reporting date.

Deferred tax assets arising from temporary difference are recognized to the extent there is certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets and liabilities are presented under “Other Assets or Liabilities” as Per NAS 12 and NRB Directives No. 4/72. An amount equal to total of deferred tax income is transferred to Deferred Tax Reserve under Other Reserve presented in Schedule 4.2.

19) Lease

Assets held under finance leases are initially recognized as assets of the Bank at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the financial statement as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets. Contingent rentals are recognized as expenses in the periods in which they are incurred.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

20) Provisions, Contingent Liabilities and Contingent Assets

The Bank creates a provision when there is a present obligation as a result of past events that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continuously and if it is virtually certain that an economic benefit will arise, the asset and related income are recognised in the period in which the change occurs.

Liabilities on account of derivative contracts are reported under contingent liabilities under Forward Exchange Contract liabilities. These include notional principal on outstanding forward rate agreements.

21) Cash & Cash Equivalents

Cash & cash equivalents comprise cash and bank balances

NOTES TO ACCOUNTS

**FINANCIAL YEAR FROM 1 SHRAWAN 2072 TO 31 ASHAD 2073
(17 JULY 2015 TO 15 JULY 2016)**

1. Shareholders' Equity

1.1 Change in Paid-up Capital

Particulars	This Year Rs.	Previous Year Rs.	Change	Remarks
Paid-up Share Capital	3,883,735,565	3,883,735,565	-	

1.2 Proposed increase in Paid-up Share Capital

The Bank's Board meeting held on 03/10/2016 has proposed to issue 28.05% bonus share (net of TDS). After approval of proposed issue of bonus share by Annual General Meeting, the Bank's Paid-up Share Capital will be Rs. 4,973,079,112. Such proposed bonus share is presented under Share Capital as per NRB Directives.

1.3 Paid-up Share Capital

Paid up share capital of the Bank has moved over the years as follows:

Financial Year	Cumulative Paid-up Share Capital Rs.	Remarks
2050/051 (1993/94)	119,820,000.00	Opening Share Capital at Rs. 100 Paid up. First issue of Share Capital was Rs. 120,000,000.
2051/052 (1994/95)	119,871,000.00	Further allotment and subscription of Share Capital of Rs. 51000
2052/053 (1995/96)	119,977,000.00	Further allotment and subscription of Share Capital of Rs. 106,000
2053/054 (1996/97)	119,946,000.00	Further allotment and subscription of Share Capital of Rs. 19,000 and cancellation of share of Rs. 50,000
2054/055 (1997/98)	119,946,000.00	
2055/056 (1998/99)	119,946,000.00	
2056/057 (1999/00)	119,946,000.00	
2057/058 (2000/01)	143,935,200.00	Issuance of 20% Bonus Shares
2058/059 (2001/02)	424,893,300.00	Issuance of 1:2 Right Shares
2059/060 (2002/03)	425,157,300.00	Further allotment previous Right Issue
2060/061 (2003/04)	426,875,900.00	Further allotment previous Right Issue
2061/062 (2004/05)	431,865,600.00	Further allotment previous Right Issue
2062/063 (2005/06)	640,236,100.00	Issuance of 2:1 Right Shares
2063/064 (2006/07)	647,798,400.00	Further allotment previous Right Issue
2064/065 (2007/08)	874,527,840.00	Issuance of 35% Bonus Shares
2065/066 (2008/09)	874,527,840.00	
2066/067 (2009/10)	1,861,324,239.00	Issuance of 40% Bonus Shares and issuance of 2:1 Right Shares
2067/068 (2010/11)	2,102,966,165.00	Issuance of 12.5% Bonus Shares and allotment of previously unsubscribed right issue.
2068/069 (2011/12)	2,355,738,504.00	Issuance of 12.5% Bonus Shares and cancellation of last year's allotment of previously unsubscribed right issue.
2069/070 (2012/13)	2,650,205,804.00	Issuance of 12.5% Bonus Shares
2070/071 (2013/14)	3,049,083,104.00	Issuance of 15.05% Bonus Shares
2071/072 (2014/15)	3,883,735,565.00	Issuance of 27% Bonus Shares

1.4 General Reserve

As required under the Banks and Financial Institutions Act, 2063, 20% of the current year's net profit amounting to Rs. 266,376,361 has been transferred to General Reserve.

1.5 Capital Adjustment Reserve

The opening 'Capital Adjustment Reserve' of Rs. 135,000,000 is transferred to Profit & Loss Appropriation Account for the purpose of issue of Bonus Shares.

1.6 Share Premium

Share Premium of Rs. 79,159,949 is transferred to Profit & Loss Appropriation Account for the purpose of Bonus Shares.

1.7 Investment Adjustment Reserve

As per NRB Unified Directives 4/2072 and 8/2072, Bank has made Investments Adjustment Reserve as under:

Particulars	Investment Amount	Required Reserve
Opening Balance as on 2072.04.01		377,900
1. Investment in Listed Share of Rural Micro-finance Development Center Ltd., Investment Adjustment Reserve @ 2%	18,895,000	377,900
2. Investment in Listed Share of Nepal Grameen Bikash Bank Ltd. Investment Adjustment Reserve @ 2%	6,125,000 6,125,000	6,125,000 1,22,500
3. Investment in Other Corporate Bodies (Exempted Investment)*	14,935,500	-
Closing Balance as on 31.03.2073	129,955,500	5,00,400

* Exemption to maintain Investment Adjustment Reserve for investment in share of Karja Suchana Kendra Ltd., Nepal Clearing House Ltd., National Banking Institute and fully owned subsidiary Nepal SBI Merchant Banking Ltd has been provided under NRB Directives 4/2072.

1.8 Income Tax, Deferred Tax Income and Deferred Tax Reserve

Provision for income tax has been made as per the provisions of Income Tax Act and amendment thereof.

Previous years' tax Rs. 13,741,360 represents the additional income tax as per amended assessment by LTO for the FY 2068/69.

Deferred Tax has been calculated as per the "NAS 12 - Income Taxes". The movement in deferred tax assets/liabilities is as follows:

Particulars / Items	Carrying Amount Rs.	Tax Base Rs.	Deductible Temporary Difference Rs. (A)	Taxable Temporary Difference Rs. (B)	Net Deductible Temporary Difference C = (A) - (B)	Deferred Tax Asset Rs. C * Tax rate @ 30%*
Fixed Assets	370,805,203	500,910,989	130,105,786		130,105,786	39,031,736
Provision for Gratuity and Leave	355,081,140	0	355,081,140		355,081,140	106,524,342
Provision for Draft Fraud	22,359,375	0	22,359,375		22,359,375	6,707,813
Total	748,245,718	500,910,989	507,546,301	0	507,546,301	152,263,891
Opening Balances (2072.04.01)						147,211,707
Differences						50,52,184
Accounted in Profit and Loss Account as Deferred Tax Income						50,52,184

* Current income tax rate applicable to the bank.

1.9 Debenture Redemption Reserve

Debenture Redemption Reserve has been appropriated as under:

S. No.	Debentures	Period	Debenture Amount	Debenture Redemption Reserve as on 01.04.2072 (a)	Debenture Redemption Reserve appropriated during the year (b)	Debenture Redemption Reserve as on 31.03.2073 (a+b)
1	12.5% NSBL Debenture 2078	Issued on: 12.02.2012 Maturity on: 11.02.2022	400,000,000	136,776,256	40,000,000	176,776,256
2	8% NSBL Debenture 2079	Issued on: 03.02.2013 Maturity on: 02.02.2023	400,000,000	97,863,014	40,000,000	137,863,014
3	7.9% NSBL Debenture 2080	Issued on: 20.04.2014 Maturity on: 19.04.2024	200,000,000	24,821,918	20,000,000	44,821,918
Total			1,000,000,000	259,461,188	100,000,000	359,461,188

1.10 Exchange Fluctuation Reserve

Revaluation gain arising out of exchange fluctuation during the year is Rs 7,673,796. As per Directives of Nepal Rastra Bank, 25% of such gain amounting to Rs 1,918,449 has been transferred to Exchange Fluctuation Reserve.

2. Summary of Changes in Deposit Liabilities

3. Deposit Insurance

Particulars	This Year Rs.	Previous Year Rs.	Growth Amount Rs.	Growth %
Call Deposits	9,173,099	5,673,453	3,499,646	61.68%
Current Deposits	5,531,334	4,818,048	713,286	14.80%
Fixed Deposits	23,019,305	19,129,479	3,889,826	20.33%
Margin Deposits	339,786	324,371	15,415	4.75%
Saving Deposits	26,831,779	21,485,400	5,346,379	24.88%
Matured Fixed Deposits	318,216	197,471	120,745	61.15%
Total	65,213,519	51,628,222	13,585,297	26.31%

Bank has insured the saving and fixed deposits up to Rs. 200,000 of all natural individuals with Deposit and Credit Guarantee Corporation. As on the date of Balance Sheet the total amount of insured deposit is Rs. 1,158.64 crores of 552,262 numbers of customers.

4. Bills Payables

Bills payables include the amount of draft issued by the NSBL and other banks but not presented for payment by the customers.

5. Other Liabilities

5.1 Provision for Gratuity Rs. 228,993,892

During the FY 2072-73, the Bank has provided Rs 25,060,947 on account of staff gratuity liability as per actuarial valuation. A sum of Rs 1,719,373 was paid as gratuity during the year to the staffs retired from Bank's service. Separate fund as required by the Labour Rule, 2048 has not been created for staff gratuity liability.

5.2 Provision for Leave Encashment Rs. 126,087,248

During the FY 2072-73, the Bank has written back Rs. 17,501,247 from payable for accumulated leave as per actuarial valuation. A sum of Rs 2,306,274 was paid against leave entitlement during the year to the staffs retired from Bank's service.

5.3 Provision for Staff Bonus

Provision for staff bonus amounting to Rs. 191,992,836 has been computed and provided for at 10% of net profit (before tax) after bonus.

5.4 Sundry Creditors

Sundry creditors include the Bankers' Cheque issued for payment against bank's liabilities but not presented for payment.

5.5 Dividends Payable

The total dividend payable as on the Balance Sheet date is as under:

Fiscal Year	As on Ashad end 2073	As on Ashad end 2072
FY2052/53	261,000	263,000
FY2053/54	247,000	248,200
FY2054/55	281,400	283,400
FY2055/56	170,700	172,500
FY2056/57	256,550	259,250
FY2059/60	562,028	575,069
FY2062/63	500,417	536,275
FY2063/64	793,739	882,218
FY2066/67	1,120,737	1,431,253
FY2067/68	1,320,522	1,745,275
FY2068/69	1,775,664	2,425,342
FY2069/70	3,836,649	5,684,821
FY2070/71	6,566,779	12,908,208
Total	17,693,185	27,414,811

5.6 Others

Other liabilities in schedule 4.7 include the amount to be payable for the business transactions and expenses incurred.

5.7 Staff Housing Fund

As the Bank has a provision for extending housing loans to the eligible staff, a separate staff housing fund has not been created as prescribed by the Labour Act, 2048.

6. Contingent Liabilities

6.1 Contingent Bank Guarantee Liability

Rs. 170,000 has been booked as contingent liability under Claims on institution not accepted by the Institution. The amount represents the Bank Guarantee claimed by Nepal Government Body after expiry of the Bank Guarantee for which Bank is not liable to pay.

6.2 Contingent Liabilities on Income Tax

The Large Taxpayers Office (LTO) can amend the tax returns submitted by the Bank within four years from the date of submission except assessment is inaccurate by reason of fraud. LTO can amend the tax liability of the Bank and order to pay additional tax. However, if the Bank felt that the amended tax assessment by LTO is not justifiable as per prevailing income tax act, the Bank may appeal against the amended tax assessment by LTO. The process of appeal is to be done gradually with Director General of Inland Revenue Department for Administrative Review, then appeal to Revenue Tribunal and at last appeal to Supreme Court.

Till the date of Balance Sheet, The Bank's corporate tax up to FY 2065-66 has been settled by the LTO. Similarly, LTO has completed tax audit and amended tax liability for FY 2066/67, FY 2067/68 and FY 2068/69. However, Bank has appealed against amended tax liability assessment by LTO for FY 2066/67, FY 2067/68 and FY 2068/69 with Revenue Tribunal. The total contingent tax liability for these two years Rs. 3,892,740 has been presented in schedule 17 as contingent tax liabilities on Income tax.

Tax returns filed under self assessments for the FY 2069-70, FY 2070-71 and FY 2071-72 are yet to be assessed by the LTO.

6.3 Other Contingent Liabilities

Other contingent liabilities of Rs. 893,575 represents for salary in lieu of increment of salary from retrospective date, which may be paid to the resigned staff.

Assets

7. Reconciliation Status of Agency Accounts Outstanding as on 15.07.2016

Rs. in '000

Branch	TOTAL		≤ 3 MONTHS		>3 ≤ 9 MONTHS		> 9 MONTHS	
	No. of Entries	Net Amount (Rs)	No. of Entries	Net Amount (Rs)	No. of Entries	Net Amount (Rs)	No. of Entries	Net Amount (Rs)
Total Amount	4,012	316,997	2,888	256,178	210	38,966	914	21,852
(Previous Year's)	(5,012)	(1,109,932)	(3,479)	(1,060,395)	(241)	(15,567)	(1,292)	(33,970)

Un-reconciled amount represents the net amount of un-reconciled debit and credit entries. The Bank regularly following for settlement of pending amount and is being adjusted in subsequent year in normal course of business.

8. Summary of Loans and Advances disbursed, recovered and Principal & Interest Written-off

Rs. in '000

Particulars	This Year	Previous Year
a. Opening Balance	40,471,869	35,714,256
b. Loans Disbursed	278,857,989	239,804,150
c. Loans Recovered	271,786,877	235,046,537
d. Loans Written Off	-	-
Closing Balance (a+b-c-d)	47,542,981	40,471,869
Interest Written Off	12,927	-

9. Details of leasehold assets amortized and Software Cost

Particulars	Balance as on 16 July 2015 (Rs)	Added/ (Sold) during the year (Rs)	Amortized During the Year (Rs)	Balance as on 15 July 2016 (Rs)
Lease hold Assets	63,615,387	5,667,523	8,727,103	60,555,807
Software	3,253,251	60,000	1,324,471	1,988,780
Total	66,868,638	5,727,523	10,051,574	62,544,587

10. Other Assets

10.1 Stationery Stock

As at balance sheet date, the Bank has closing stock of stationery of Rs. 6,404,241. There is no material items that are disposable at the balance sheet date were held in possession.

10.2 Income receivable on Investment

Income receivable on investments includes interest accrued on placements, bonds and treasury bills as follows:

Particulars	Local Currency	Foreign Currency	Total
Interest Accrued on Placements		66,901,605	66,901,605
Interest Accrued on Development Bonds	60,187,088		60,187,088
Amortization of Discount on Treasury bill	9,890		9,890
	60,196,978	66,901,605	127,098,583

10.3 Accrued Interest Receivable of Loan (adjusted with interest suspense)

As at balance sheet date, the Bank's accrued interest receivable on loans, advances and bills purchased is Rs. 57,375,025 as presented in the financial statements under Schedule 16 "Other Assets". These comprise of interest on loans, advances and bills purchased that have accrued but not yet realized in cash at the balance sheet date. The portion of interest that has not yet fallen due stood at Rs. 20,480,881, frozen interest at Rs. 15,522,258 and under overdue status at Rs. 21,371,886.

The bank has recognized interest suspense equivalent to the entire accrued interest that has not been realized in cash. This treatment is in compliance with the regulatory provisions.

10.4 Sundry Debtors

Sundry Debtors mainly comprise of accounts receivables from business partners like MasterCard, VISA international and Parent Company SBI against ATM card transactions.

10.5 Staff Loans and Advances

Staff Loans and Advances are extended in line with the Staff Service Bye Law and Staff Loan Scheme of the bank. From this year, the Bank has introduced Staff Housing Loan backed by life insurance policy. Loans extended to staffs have increased during the year as more staffs became eligible and availed such facilities.

The loans outstanding as at the balance sheet date were as under:

Staff Loans and Advance	As on Ashad 2073	As on Ashad 2072	Increase
Housing Loan	334,828,476	205,947,324	128,881,152.00
Overdraft and Consumer Loan	296,808,206	287,252,894	9,555,312.00
Housing Loan backed by Life Insurance Policy	56,638,764	0	56,638,764.00
Interest Receivable on Housing Loan backed by Life Insurance Policy	4,507,491	0	4,507,491.00
Other Interest Receivable	298,478	264,892	33,586.00
Total (in Other Assets schedule 16)	693,081,415	493,465,110	199,616,305

10.6 Prepayments

Following is the breakdown of prepayments amount presented in financial statements under Schedule 16 “Other Assets”.

Prepaid Items:	As on Ashad 2073	As on Ashad 2072	Increase/ -Decrease
Rent	7,040,658	13,571,285	-6,530,627
Insurance	6,207,000	5,592,218	614,782
Office Expenses	2,332,007	148,043	2,183,964
Total	15,579,665	19,311,546	-3,731,881

10.7 Draft Paid Without Notice (FY A.D. 1998/99 – B.S.2055/56)

Bank had filed a case with the Kathmandu District Court for recovery of Rs 32,000,000 on account of loss incurred by the Bank due to the negligence of collecting Banks. Since the decision of the Kathmandu District Court and Appellate Court was not in favor of the Bank, a review petition was filed with the Supreme Court. Hearing on the Bank’s petition is under process. The Bank has already received Rs 9,640,625 from an insurance company and collecting banks, for the balance, 100% provision has been made against possible loss for the balance amount of Rs 22,359,375 since 15.07.2005.

As previous year, Rs 9,640,625 received from insurance company and collecting banks has been netted with the total amount of Draft paid without notice; Rs 9,640,625 of previous year’s amount has also been regrouped. As a result, previous year’s total other assets and other liabilities have been reduced by Rs. 9,640,625.

10.8 Others (schedule 16)

Others include Rs. 41,367,978 as advance against construction and deposits for service availing by the banks and Rs. 13,186,881 receivable from NRB against reimbursement of NRB bond and export incentives.

11. Weighted Average Interest Spread

Particulars	Rate %
Average Rate of Return on Interest Earning Assets i.e. Loan and Advances (including staff loans), Investments in Fixed Deposits and Shares)	6.55
Average Cost of Fund on Deposits, Borrowings, Debenture and Interbank borrowing)	2.55
Average Net Spread (overall)	4.00

12. Summary of Concentration Exposure

Particulars	Loans, Advances & Bills Purchased	Deposits & Inter Bank Borrowing	Contingent Liabilities
Total amount as on 15/07/2016	47,542,981	65,213,519	9,763,596
Highest exposure to a single unit (group)	1,158,170	4,807,955	1,247,219
Percentage of exposure to single unit/total	2.44%	7.37%	12.77%

13. Loan against collateral of its own assets

Bank has not taken any loans against collateral of its own assets.

14. Lease

14.1 Finance Lease

The Bank has not entered into finance lease and does not have any obligation in respect of such.

14.2 Operating Lease

The Bank has entered into a lease arrangement for office premises and ATM space outside of the branch for different periods continuing from previous years, which can be terminated by either party on prior notice of the period of 90 to 180 days. Details of lease payment are as follows:

Particulars	This Year Rs	Previous Year Rs
Amount due during the Current Period	125,707,425	90,845,072
Amount due within one year from the balance sheet date	131,992,796	92,245,445
Amount due in the period from second year to sixth year from balance sheet date	612,446,573	388,281,302
Amount due for the remaining period after sixth year from balance sheet date	168,422,808	61,424,187

15. Related Party Information and Balances

15.1 Related Party Information

The following are the details of related parties:

Particulars	Relationship	Remarks
State Bank of India	Parent Company	55.09 % holding in the Bank
Employee Provident Fund (EPF)	Promoter	15.03 % holding in the Bank
Mrs. Hasana Sharma (Retired 11.05.2016)	Directors nominated by EPF	
Mr. Krishna Prasad Acharya (Since 03.07.2016)	Directors nominated by EPF	
Mr. Anukool Bhatnagar (Since 20.11.2015)	Managing Director & CEO	Key Management Personnel
Mr. Alok Kumar Sharma (Repatriated on 19.11.2015)	Managing Director & CEO	Key Management Personnel
Mr. V K Tyagi	Chief Operating Officer & Dy. CEO	Key Management Personnel
Mr. Priya Ranjan	Chief Financial Officer	Key Management Personnel
Subsidiaries of State Bank of India	Fellow Subsidiaries	
Mr. Niranjana Kumar Tibrewala	Public Director	
Mr. Sanjay Kumar Sureka	Public Director	
Mr. Keshav Raj Acharya	Professional Director	
Mr. Siddhartha Sengupta	Directors nominated by SBI	
Mr. Sujit Kumar Varma	Directors nominated by SBI	
Mr. Prabodh Parikh (Since 31.01.2016)	Directors nominated by SBI	

15.2 Key Management Personnel

Salary to the key management personnel is borne by State Bank of India, the parent company under the Technical Service Agreement (TSA) entered with the Bank which is approved by Nepal Rastra Bank. The key management personnel are also provided with living, medical and other related facilities as per TSA.

15.3 Related Party Balances/Transactions

The details of the related party transactions are as follows:

Rs. in '000

S. No.	Related Parties	Particulars	This Year	Previous Year
1.	State Bank of India	Technical Service Fee (Expenses)	21,086	19,714
2.	State Bank of India & Fellow Subsidiaries	Receivable against placement (asset)	13,353,493	5,474,609
3.	State Bank of India & Fellow Subsidiaries	Against outstanding Agency Balance (Asset)	1,175,622	1,009,062
4.	State Bank of India & Fellow Subsidiaries	Interest recognized as income during the year (Income)	120,894	161,178
5.	State Bank of India	Card Transactions outstanding (Receivable) at the end of FY	55,720	123,095
6.	Employee Provident Fund	Deposits	3,075,130	588,433
7.	Mr. Manoj Kumar Agrawal – Ex. Public Director (Retired 10.01.2015)	Receivable as per NRB direction	-	2,736*
8.	Board Meeting Fee to Board of Directors	12 no. of Board Meetings 13 no. of Audit Committee Meetings 7 no. of Risk 1 no. of Employee Service Facility Committee Meetings	894.70	1,052.50
		Food, Lodging and Snacks Expenses for various Board level meetings	635.49	315.47
9.	Board Meeting Other Expenses	Travelling & Halting Expenses for various Board level meetings	635.80	7.22
		Out of total 12 Board Meeting one meeting (391th meeting) of the Board was held in Mumbai, India and cost of the meeting (Lodging, Fooding and Travelling) was Rs. 959,825.55.		

- * The receivable was booked in order to comply with direction of Nepal Rastra Bank, which has since been declared void by the Supreme Court with an order of mandamus, to Nepal Rastra Bank to do the needful afresh by extending opportunity of hearing to the person concerned. The bank has not received any direction to this effect yet. Therefore, the receivable has been reversed during the year.

16. Classification of Assets and Liabilities based on Maturity as on Ashad end 2073 (15 July 2016)

Rs. In Lacs

S.N.	Particulars	1-90 days	91-180 days	181-270 days	271-365 days	More than 1 year	Total
Assets							
1	Cash Balance	17994					17994
2	Balance with Banks & FIs	85904					85904
3	Investment in Foreign Banks	48008	52,077	9,175	23,606	-	132866
4	Call Money						0
5	Government Securities	10,000					10000
6	Nepal Rastra Bank Bonds					48,500	48500
7	Inter Bank & FI Lending						0
8	Loans & Advances	152250	66,306	75,110	83,181	98,584	475430
9	Interest Receivable	1204	561	65	20	-	1849
10	Reverse Repo						0
11	Acceptance Receivable						0
12	Payments under S.No. 20,21 & 22	45625	34,741	15,321	21,876	63,390	180954
13	Others	8493				24,689	33182
Total (A)		369478	153684	99671	128683	235163	986678
Liabilities							
14	Current Deposits	26482				35411	61893
15	Saving Deposits (including call)	99529				260520	360049
16	Fixed Deposits	60982	70439	38797	47579	12396	230193
17	Debentures/Bonds					10000	10000
18	Borrowings	23070	16632	0	2146	0	41847
	Call/Short Notice						0
	Inter-bank/Financial Institutions	23070	16632	0	2146	0	41847
	Refinance						0
	Others						0
19	Other Liabilities and Provisions	16917	677	839	837	5351	24621
	Sundry Creditors	2049					2049
	Bills Payable	2806					2806
	Interest Payable	319					319
	Provisions	10268	677	839	837	5351	17971
	Others	1476					1476
20	Acceptance Liabilities	3346	53				3400
21	Irrevocable Loan Commitment	13876	33429	15321	21876		84503
22	Letter of Credit/Guarantee	39559	20684	11447	4172	17190	93051
23	Repo						0
24	Payable under s.no.11						0
25	Others					8333	8333
Total (B)		283,762	141914	66404	76610	349201	917889
Net Financial Assets (A-B)		85716	11770	33267	52073	-114038	68788
Cumulative Net Financial Assets		85716	97486	130753	182826	68788	0

SCHEDULE 34

PARTICULARS REGARDING LOAN AVAILED BY THE PROMOTER/PROMOTER GROUP SHAREHOLDERS FROM ANY BANK/FINANCIAL INSTITUTION AGAINST PLEDGE OF SHARES HELD BY THEM

S.No	Name of the Promoter/ Promoter Group Shareholders	Shares Held by Promoters		Particulars of the Loan			Remarks
		Total Number of Shares	Percentage of the Total Paid Up Capital	Name of the Lending Bank/ Financial Institution	Loan Amount	Number of Shares Pledged	
1	State Bank of India (SBI)	21,397,818	55.09%	NA	Nil	Nil	
2	Karmachari Sanchaya Kosh	5,835,769	15.03%	NA	Nil	Nil	

COMPARISON OF UNAUDITED AND AUDITED FINANCIAL STATEMENT FOR THE FY 2072/73

Rs in '000

S.No.	Particulars	As per Unaudited Financial Statement as on 15.07.2016 Rs.	As per Audited Financial Statement as on 15.07.2016 Rs.	Variance		Reason for Variance
				In Amount	In %	
1	Total Capital and Liabilities (1.1 to 1.7)	78,535,227	78,515,345	(19,882)	-	
1.1	Paid Up Capital	3,883,736	4,973,079	1,089,343	-	Impact of proposed bonus share
1.2	Reserve and Surplus	3,094,060	1,947,382	(1,146,678)	-	Impact of proposed bonus share and cash dividend for tax
1.3	Debenture and Bond	1,000,000	1,000,000	-	-	
1.4	Borrowings	4,184,700	4,184,700	-	-	
1.5	Deposits (a+b)	65,213,520	65,213,520	-	-	
	a. Domestic Currency	54,931,661	54,931,661	-	-	
	b. Foreign Currency	10,281,859	10,281,859	-	-	
1.6	Income Tax Liability	-	-			
1.7	Other Liabilities	1,159,211	1,196,664	37,453	3.23%	Due to actuarial valuation of gratuity and leave
2	Total Assets (2.1 to 2.7)	78,535,227	78,515,345	-	-	
2.1	Cash and Bank Balance	10,389,818	10,389,818	-	-	
2.2	Money at Call and Short Notice	-	-			
2.3	Investments	19,291,309	19,291,309	-	-	
2.4	Loans and Advances (Net)	46,995,416	46,975,534	(19,882)	-	Due to increase in loan loss provision
	a. Real Estate Loan	3,135,787	3,135,787	-	-	
	1. Residential Real Estate Loan (Except Personal Home Loan up to Rs. 10 Million)	428,242	428,242	-	-	
	2. Business Complex & Residential Apartment Construction Loan	367,785	367,785	-	-	
	3. Income Generating Commercial Complex Loan	-	-	-		
	4. Other Real Estate Loan (Including Land Purchase & Plotting)	2,339,760	2,339,760	-	-	
	b. Personal Home Loan of Rs. 10 Million or Less	1,764,730	1,760,548	(4,182)	-	- Do -
	c. Margin Type Loan	-	-	-		
	d. Term Loan	2,779,704	2,779,704	-	-	- Do -
	e. Overdraft Loan / TR Loan / WC Loan	25,690,880	25,676,495	(14,385)	-	- Do -
	f. Others	13,624,315	13,623,000	(1,315)	-	- Do -
2.5	Fixed Assets (Net)	629,965	629,965	-	-	
2.6	Non Banking Assets (Net)	-	-	-		
2.7	Other Assets	1,228,719	1,228,719	-	-	

COMPARISON OF UNAUDITED AND AUDITED FINANCIAL STATEMENT FOR THE FY 2072/73

Rs in '000

S.No.	Particulars	As per Unaudited Financial Statement as on 15.07.2016 Rs.	As per Audited Financial Statement as on 15.07.2016 Rs.	Variance		Reason for Variance
				In Amount	In %	
3	Profit and Loss Account			-		
3.1	Interest Income	3,981,262	3,981,262	-	-	
3.2	Interest Expenses	1,565,151	1,565,151	-	-	
	A. Net Interest Income (3.1-3.2)	2,416,111	2,416,111	-	-	
3.3	Fees, Commission and Discount	465,797	465,797	-	-	
3.4	Other Operating Income	318,084	318,084	-	-	
3.5	Foreign Exchange Gain/Loss (Net)	136,370	136,370	-	-	
	B. Total Operating Income (A.+3.3+3.4+3.5)	3,336,362	3,336,362	-	-	
3.6	Staff Expenses	568,869	548,987	(19,882)	-	Due to actuarial valuation of gratuity and leave
3.7	Other Operating Expenses	616,794	616,794	-	-	
	C. Operating Profit Before Provision (B.-3.6-3.7)	2,150,699	2,170,581	19,882	-	
3.8	Provision for Possible Losses	109,986	111,346	1,360	-	Due to increase in loan loss provision
	D. Operating Profit (C.-3.8)	2,040,713	2,059,235	18,522	-	Due to above reasons
3.9	Non Operating Income/Expenses (Net)	9,965	9,965	-	-	
3.10	Write Back of Provision for Possible Loss	61,242	42,720	(18,522)	-	Due to above reasons
	E. Profit From Regular Activities (D + 3.9+3.10)	2,111,920	2,111,920	-	-	
3.11	Extraordinary Income/Expenses (Net)	-	-	-		
	F. Profit before Bonus and Taxes (E + 3.11)	2,111,920	2,111,920	-	-	
3.12	Provision for Staff Bonus	191,993	191,993	-	-	
3.13	Provision for Tax	588,046	588,046	-	-	
	G. Net Profit/Loss (F-3.12-3.13)	1,331,881	1,331,881	-	-	

UNAUDITED FINANCIAL RESULTS (QUARTERLY)
As at end of the 4th Quarter (31/03/2073) of the Fiscal Year 2072/73
Rs. in '000

S.No.	Particulars	This Quarter Ending as on 31.03.2073 (15.07.2016) Unaudited		Previous Quarter Ending as on 30.12.2072 (12.04.2016) Unaudited	Corresponding Previous Year Quarter Ending as on 31.03.2072 (16.07.2015) Audited
		Group	NSBL	NSBL	NSBL
1	Total Capital and Liabilities (1.1 to 1.7)	78,435,387	78,535,227	75,062,180	59,277,291
1.1	Paid Up Capital	3,883,736	3,883,736	3,883,736	3,883,736
1.2	Reserve and Surplus	3,094,174	3,094,060	2,712,480	1,762,179
1.3	Debenture and Bond	1,000,000	1,000,000	1,000,000	1,000,000
1.4	Borrowings	4,184,700	4,184,700	2,500,400	-
1.5	Deposits (a+b)	65,113,317	65,213,520	63,416,783	51,628,222
	a. Domestic Currency	54,831,458	54,931,661	55,456,104	44,932,960
	b. Foreign Currency	10,281,859	10,281,859	7,960,679	6,695,262
1.6	Income Tax Liability	-	-	-	-
1.7	Other Liabilities	1,159,460	1,159,211	1,548,781	1,003,154
2	Total Assets (2.1 to 2.7)	78,435,387	78,535,227	75,062,180	59,277,291
2.1	Cash and Bank Balance	10,389,819	10,389,818	6,266,981	8,435,748
2.2	Money at Call and Short Notice	-	-	650,000	-
2.3	Investments	19,191,309	19,291,309	19,822,442	9,319,698
2.4	Loans and Advances (Net)	46,995,416	46,995,416	46,204,589	39,979,173
	a. Real Estate Loan	3,135,787	3,135,787	2,759,746	1,992,285
	1. Residential Real Estate Loan (Except Personal Home Loan up to Rs. 10 Million)	428,242	428,242	415,983	348,718
	2. Business Complex & Residential Apartment Construction Loan	367,785	367,785	323,037	29,700
	3. Income Generating Commercial Complex Loan	-	-	-	-
	4. Other Real Estate Loan (Including Land Purchase & Plotting)	2,339,760	2,339,760	2,020,726	1,613,867
	b. Personal Home Loan of Rs. 10 Million or Less	1,764,730	1,764,730	1,833,648	2,013,983
	c. Margin Type Loan	-	-	-	-
	d. Term Loan	2,779,704	2,779,704	2,598,161	2,223,477
	e. Overdraft Loan / TR Loan / WC Loan	25,690,880	25,690,880	26,438,397	22,231,944
	f. Others	13,624,315	13,624,315	12,574,637	11,517,484
2.5	Fixed Assets (Net)	630,061	629,965	605,076	630,012
2.6	Non Banking Assets (Net)	-	-	-	-
2.7	Other Assets	1,228,782	1,228,719	1,513,092	912,660

UNAUDITED FINANCIAL RESULTS (QUARTERLY)
As at end of the 4th Quarter (31/03/2073) of the Fiscal Year 2072/73
Rs. in '000

3	Profit and Loss Account	This Quarter Ending as on 31.03.2073 (15.07.2016) Unaudited		Previous Quarter Ending as on 30.12.2072 (12.04.2016) Unaudited	Corresponding Previous Year Quarter Ending as on 31.03.2072 (16.07.2015) Audited
		Group	NSBL	NSBL	NSBL
3.1	Interest Income	3,981,262	3,981,262	2,888,449	3,821,326
3.2	Interest Expenses	1,564,730	1,565,151	1,149,165	1,773,842
	A. Net Interest Income (3.1-3.2)	2,416,532	2,416,111	1,739,284	2,047,484
3.3	Fees, Commission and Discount	465,797	465,797	427,069	340,354
3.4	Other Operating Income	318,084	318,084	120,364	307,691
3.5	Foreign Exchange Gain/Loss (Net)	136,370	136,370	93,892	119,469
	B. Total Operating Income (A.+3.3+3.4+3.5)	3,336,783	3,336,362	2,380,609	2,814,998
3.6	Staff Expenses	568,869	568,869	449,277	552,231
3.7	Other Operating Expenses	617,016	616,794	402,507	515,792
	C. Operating Profit Before Provision (B.-3.6-3.7)	2,150,898	2,150,699	1,528,825	1,746,975
3.8	Provision for Possible Losses	109,986	109,986	96,531	116,641
	D. Operating Profit (C.-3.8)	2,040,912	2,040,713	1,432,294	1,630,334
3.9	Non Operating Income/Expenses (Net)	9,918	9,965	4,254	10,709
3.10	Write Back of Provision for Possible Loss	61,242	61,242	56,781	52,124
	E. Profit From Regular Activities (D + 3.9+3.10)	2,112,072	2,111,920	1,493,329	1,693,167
3.11	Extraordinary Income/Expenses (Net)	-	-	-	20,040
	F. Profit before Bonus and Taxes (E + 3.11)	2,112,072	2,111,920	1,493,329	1,713,207
3.12	Provision for Staff Bonus	191,993	191,993	135,757	155,746
3.13	Provision for Tax	588,084	588,046	407,272	492,023
	G. Net Profit/Loss (F-3.12-3.13)	1,331,995	1,331,881	950,300	1,065,438
4	Ratios	At the End of this Quarter		At the End of Previous Quarter	At the End of Corresponding Previous Year Quarter
4.1	Capital Fund to Risk Weighted Assets (RWA)	13.33%	13.17%	13.75%	14.03%
4.2	Non Performing Loan (NPL) to Total Loan	0.14%	0.14%	0.14%	0.19%
4.3	Total Loan Loss Provision to Total NPL	829.87%	829.87%	814.45%	657.59%
4.4	Cost of Fund (Annualized)	2.55%	2.55%	2.56%	3.17%
4.5	Credit to Deposit Ratio (Calculated as per NRB Directives)	76.57%	76.57%	74.49%	78.54%
4.6	Base Rate	5.98%	5.98%	5.55%	7.71%
4.7	Average Monthly Interest Rate Spread LCY (Calculated as per NRB Directives)	4.99%	4.99%	5.20%	5.43%
	Additional Information				
	Average Yield total Assets (Local Currency) (Annualized)	7.11%	7.11%	7.11%	8.03%
	Return on Equity (Annualized)	22.16%	22.16%	21.47%	21.51%
	Return on Assets (Annualized)	2.00%	2.00%	1.94%	1.70%

The above figures may undergo change on completion of statutory audit and/or as per directives of Nepal Rastra Bank.



नेपाल राष्ट्र बैंक

बैंक सुपरिवेक्षण विभाग



केन्द्रीयकार्यालय
वालुवाटार, काठमाडौं।

फोन नं.: ४४१९८०५, ७

फ्याक्स नं.: ४४१०१५९

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पोष्ट बक्स: ७३

प.सं:बै.सु.वि./अफसाइट/एजिएम/११/२०७३-७४

मिति: २०७३।०८।०८

नेपालएसबिआईबैंक लिमिटेड
हात्तीसार, काठमाडौं

विषय: लाभांशघोषणा/वितरण तथा वित्तीयविवरण प्रकाशनसम्बन्धमा।

महाशय,

तहाँवाट पेश गरिएका वित्तीय विवरण तथा अन्य कागजातका आधारमा बैंक तथा वित्तीय संस्था सम्बन्धी ऐन, २०६३ को दफा ४६ को उपदफा (१) का प्रावधानहरु पालना गरेको देखिएको हुँदा, ऐ. ऐनको उपदफा (२) बमोजिम प्रस्तावित नगद लाभांश रु. ५,७३,३३,८७१ तथा बोनस शेयर रु. १,०८,९३,४३,५४७ वार्षिक साधारण सभाबाट स्वीकृत भएको अवस्थामा मात्रै वितरण गर्न स्वीकृतिका साथै आ.व. २०७२/७३ को वार्षिक हिसाब वार्षिक साधारण सभामा स्वीकृतिको लागि पेश गर्ने प्रयोजनार्थ देहायका निर्देशन सहित सार्वजनिक गर्न मात्र सहमति प्रदान गरिएको व्यहोरा निर्णयानुसार अनुरोध गर्दछु।

१. बैंक तथा वित्तीय संस्था सम्बन्धि ऐनमा भएको व्यवस्था बमोजिम सञ्चालक समितिको बैठक बस्ने व्यवस्था गर्न।
२. लेखापरिक्षण प्रतिवेदनमा उल्लेख गरिएका कैफियतहरु पूर्ण रुपले सुधार गर्न तथा त्यस्ता कैफियतहरु पुनः दोहोरिन नदिने आवश्यक व्यवस्था मिलाउन।

उपरोक्त निर्देशनलाई त्यस बैंकको वार्षिक प्रतिवेदनको छुट्टै पानामा प्रकाशित गर्नु हुन।

भवदीय

(देवेन्द्र गौतम)
उप-निर्देशक

बोधार्थ :

१. नेपाल राष्ट्र बैंक
बैंक तथा वित्तीय संस्थानियमनविभाग।
२. बैंक सुपरिवेक्षण विभाग, प्रतिवेदनकार्यान्वयनइकाई, नेपालएसबिआईबैंक लिमिटेड।



नेपाल एसबिआई बैंक लिमिटेड
NEPAL SBI BANK LTD.

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FY 2072-73**

P.L. Shrestha & Co.

Chartered Accountants

HLB
International

REPORT OF THE INDEPENDENT AUDITORS' TO THE SHAREHOLDERS OF NEPAL SBI BANK LIMITED

1. We have audited the accompanying consolidated financial statements of the Group (Nepal SBI Bank Limited and its subsidiary), which comprise the Balance Sheet as at Ashad 31, 2073 (July 15, 2016), and the profit and loss account, Statement of Changes in Equity and Cash Flow Statement for the year then ended, and a Summary of significant Accounting Policies and other explanatory notes.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation and fair presentation of these consolidated financial Statements in accordance with Nepal Financial Reposting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Nepal Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our professional judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider the internal control relevant to the Group's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Group's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

Basis for Disclaimer Opinion


The Institute of Chartered Accountants of Nepal (ICAN) changed the applicable financial reporting framework for the Banks to Nepal Financial Reporting Standards (NFRS) from Nepal Accounting Standards effective from the financial year 2072/73 (2015/2016). However, the Group as prepared accompanying financial statements as per Directives issued by Nepal Rastra Bank.

The cumulative effect of not preparing financial statements in compliance with Nepal Financial Reporting Standard is uncertain and could be material and pervasive.




Page 1 of 2

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P.L. Shrestha & Co. is a member of  International, a world-wide network of professional accounting firms & business advisors.

P.L. Shrestha & Co.

Chartered Accountants



We have not audited the complete set of financial statements of its subsidiary Nepal SBI Merchant Banking Ltd. These complete set of financial statements have been audited by other auditor and reports have been furnished to us for the purpose of our opinion on consolidated financials of the Group, in our opinion, in so far it pertains to the amount included in the consolidated financial statements in respect of the subsidiary, are solely based on the audit report of the other auditor. The financial statements of the subsidiary have not been prepared in accordance with Nepal Financial Reporting Standards (NFRS).

4. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence for the cumulative effect of not preparing financial statements in compliance with Nepal Financial Reporting Standard to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the consolidated financial statements.

Report on Other Legal and Regulatory Requirements

5. On the basis of our examination, we would like to further report that:
 - i. We have obtained all the information and explanations, which were considered necessary for the purpose for our audit.
 - ii. The Balance Sheet, Profit and Loss Account, Cash Flow Statement and attached Schedules dealt with by this report are prepared as per Directives of Nepal Rastra Bank and are in agreement with the books of account maintained by the Bank.
 - iii. In our opinion, the proper books of accounts as required by the law have been kept by the Group except for NFRS requirement.
 - iv. The operations of the Bank were within its jurisdiction and the Bank has been functioning as per the directives of Nepal Rastra Bank.
 - v. During our examination of the books of account of the Group, we have not come across the cases where the Board of Directors or any member thereof or any representative or any office holder or any employee of the Group has acted contrary to the provisions of law or caused loss or damage to the Group or acted in a manner to jeopardize the interest and security of the Group, its depositors and shareholders.
 - vi. In our opinion, so far as it appeared from our examination of the book, the Bank has maintained adequate capital funds and adequate provisions for possible impairment of assets in accordance with the directives of Nepal Rastra Bank and the Bank has not written-off any loans during the FY 2072/73 (2015/16);
 - vii. The returns received from branches of the Bank though the statements are independently not audited were adequate for the purpose of our audit, and
 - viii. We have not come across any fraudulence in the accounts, based on our sample examination of the books.
 - ix. In our opinion, the financial statements present fairly as per regulatory requirement, in all material respects, the financial position of the Group as at Ashad 31, 2073 (July15, 2016) and of the results of its financial performance and its cash flows for the year then ended in accordance with Banks and Financial Institutions Act, 2063 (2006), and Directives of Nepal Rastra Bank.

Place: Kathmandu
Date: October 4, 2016

Pushpa Lall Shrestha
Senior Partner
P.L. Shrestha & Co.,
Chartered Accountants



Page 2 of 2

113/19 Surung Galli, Maharajgunj, Kathmandu, Nepal. Tel: 4412207, E-mail: plshrestha@wlink.com.np
Also at: Radha Krishna Marg, New Baneshwor, P.O. Box No. 3516, Kathmandu, Nepal. Tel: 2104400, 2104500, Fax: 4491187

P.L. Shrestha & Co. is a member of  HLB International, a world-wide network of professional accounting firms & business advisors.

CONSOLIDATED BALANCE SHEET AS ON 31 ASHAD 2073 (15 JULY 2016)

CAPITAL & LIABILITIES	SCHEDULE	This Year Rs.	Previous Year Rs.
1. Share Capital		4,973,079,112	3,883,735,565
2. Reserves and Funds		1,947,493,588	1,762,178,956
3. Debentures & Bonds		1,000,000,000	1,000,000,000
4. Loans and Borrowings		4,184,700,000	-
5. Deposits		65,113,316,288	51,628,221,954
6. Bills Payable		262,939,794	178,342,832
7. Proposed Cash Dividend		57,333,871	43,456,635
8. Income Tax Liabilities		-	-
9. Other Liabilities		876,599,555	781,354,511
Total Capital & Liabilities		78,415,462,208	59,277,290,453

ASSETS	SCHEDULE	This Year Rs.	Previous Year Rs.
1. Cash Balance		1,799,377,843	1,753,912,290
2. Balance with Nepal Rastra Bank		6,428,009,789	4,662,434,374
3. Balance with Banks/Financial Institution		2,162,431,432	2,019,400,868
4. Money at Call and Short Notice		-	-
5. Investment		19,191,309,392	9,319,697,947
6. Loans, Advances and Bills Purchase		46,975,534,686	39,979,173,045
7. Fixed Assets		630,104,361	630,012,272
8. Non Banking Assets		-	-
9. Other Assets		1,228,694,705	912,659,657
Total Assets		78,415,462,208	59,277,290,453

(Priya Ranjan)
Chief Financial Officer

(Anukool Bhatnagar)
Managing Director

(Krishna Prasad Acharya)
Chairperson

(Sanjay Kumar Sureka)
Director

(Keshav Raj Acharya)
Director

(Niranjan Kumar Tibrewala)
Director

As per our attached report of even date

(Siddhartha Sengupta)
Director

(Sujit Kumar Varma)
Director

(Prabodh Parikh)
Director

(CA. P. L. Shrestha), Partner
P.L. Shrestha & Co.,
Chartered Accountants

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE PERIOD FROM 1 SHRAWAN 2072 TO 31 ASHAD 2073 (17 JULY 2015 TO 15 JULY 2016)

Particulars	Schedule	This Year Rs.	Previous Year Rs.
1. Interest Income		3,981,262,340	3,821,326,338
2. Interest Expenses		1,564,730,163	1,773,842,303
Net Interest Income		2,416,532,177	2,047,484,035
3. Commission and Discount		465,797,307	340,354,037
4. Other Operating Incomes		318,084,154	307,691,033
5. Exchange Fluctuation Income		136,369,939	119,469,424
Total Operating Income		3,336,783,577	2,814,998,529
6. Staff Expenses		548,987,096	552,231,467
7. Other Operating Expenses		617,021,342	515,793,282
8. Exchange Fluctuation Loss		-	-
Operating Profit before Provision for Possible Loss		2,170,775,139	1,746,973,780
9. Provision for Possible Losses		111,345,644	116,640,954
Operating Profit		2,059,429,495	1,630,332,826
10. Non Operating Income /(Expense)		9,917,512	10,708,703
11. Provision for Possible Loss Written Back		42,721,183	52,123,586
Profit from Regular Operations		2,112,068,190	1,693,165,115
12. Income/(Expenses) from Extra-ordinary Activities		-	20,039,981
Net profit after considering all activities		2,112,068,190	1,713,205,096
13. Provision for Staff Bonus		191,992,836	155,745,918
14. Provision for Income Tax:		588,083,304	492,023,037
This Year's		579,394,128	503,887,138
Previous Years Tax		13,741,360	22,992,061
This year's Deferred Tax (Income)/Expense		(5,052,184)	(34,856,162)
Net Profit/(Loss)		1,331,992,050	1,065,436,141

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CONSOLIDATED PROFIT AND LOSS APPROPRIATION ACCOUNT

FOR THE PERIOD FROM 1 SHRAWAN 2072 TO 31 ASHAD 2073 (17 JULY 2015 TO 15 JULY 2016)

Particulars	Schedule	This Year Rs.	Previous Year Rs.
INCOME			
1. Accumulated Profit up to Previous Year		3,161,068	5,815,251
2. This Year's Profit		1,331,992,050	1,065,436,141
3. Transferred from General Reserve (Debenture Redemption Reserve)		-	200,000,000
4. Capital Adjustment Reserve up to Previous Year		135,000,000	85,000,000
5. Transferred from Share Premium to issue bonus share		79,159,949	-
Total		1,549,313,067	1,356,251,392
EXPENSES			
1. Accumulated Loss up to Previous Year		-	-
2. This Year's Loss		-	-
3. General Reserve		266,376,361	213,087,229
4. Contingent Reserve fund		-	-
5. Institution Development Reserve		-	-
6. Dividend Equalization Reserve		-	-
7. Staff Related Reserve		-	-
8. Proposed Cash Dividend		57,333,871	43,456,635
9. Proposed issue of Bonus Shares		1,089,343,547	825,676,065
10. Special Reserve fund		-	-
11. Exchange Fluctuation Fund		1,918,449	636,333
12. Capital Redemption Reserve		-	-
13. Capital Adjustment Reserve		-	135,000,000
14. Investment Adjustment Reserve		122,500	377,900
15. 12.5% NSBL Debenture 2078 Redemption Reserve		40,000,000	40,000,000
16. 8% NSBL Debenture 2079 Redemption Reserve		40,000,000	40,000,000
17. 7.9% NSBL Debenture 2080 Redemption Reserve		20,000,000	20,000,000
18. Deferred Tax Reserve		5,052,184	34,856,162
Total		1,520,146,912	1,353,090,324
19. Accumulated Profit/(Loss)		29,166,155	3,161,068

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FY 2072/73 (FY 2015-16)

Particulars	Share Capital	Accumulated Profit/Loss	General Reserve fund	Capital Adjustment Reserve	Share Premium	Investment Adjustment Reserve	Proposed Bonus Shares	Exchange Fluctuation Fund	Deferred Tax Reserve	Other Reserve & Funds	Total Amount
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
Opening Balance at 01.04.2072	3,058,059,500	3,161,068	1,123,780,642	135,000,000	79,159,949	377,900	825,676,065	14,026,502	147,211,707	259,461,188	5,645,914,521
Adjustments: Proposed Bonus Share of previous year treated as Share Capital as per NRB Directives	825,676,065						(825,676,065)				-
Restated Balance as on 01.04.2072	3,883,735,565	3,161,068	1,123,780,642	135,000,000	79,159,949	377,900	-	14,026,502	147,211,707	259,461,188	5,645,914,521
Adjustments:											
Net profit for the period	-	1,331,992,050									1,331,992,050
Capital Adjustment Reserve	-			-							-
Investment Adjustment Reserve	-	(122,500)				122,500					-
Transfer to General Reserve	-	(266,376,361)	266,376,361								-
Capital Adjustment Reserve	-	135,000,000		(135,000,000)							-
Proposed Cash Dividend	-	(57,333,871)									(57,333,871)
Proposed Bonus Shares	-	(1,089,343,547)					1,089,343,547				-
Share Premium	-	79,159,949			(79,159,949)						-
Exchange Fluctuation Fund	-	(1,918,449)						1,918,449			-
Debenture Redemption Reserve	-	(100,000,000)								100,000,000	-
Deferred Tax Reserve	-	(5,052,184)							5,052,184		-
Closing Balance as at Asadh end 2073	3,883,735,565	29,166,155	1,390,157,003	-	-	500,400	1,089,343,547	15,944,951	152,263,891	359,461,188	6,920,572,700

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CONSOLIDATED CASH FLOW STATEMENT

FOR THE PERIOD FROM 1 SHRAWAN 2072 TO 31 ASHAD 2073 (17 JULY 2015 TO 15 JULY 2016)

Particulars	This Year Rs.	Previous Year Rs.
(a) Cash Flow from Operating Activities	2,159,032,387	2,046,813,832
1. Cash Received	4,905,890,914	4,612,146,654
1.1 Interest Income	3,981,262,340	3,821,326,338
1.2 Commission and Discount Income	465,797,307	340,354,037
1.3 Income from Foreign Exchange transaction	128,696,143	116,924,096
1.4 Recovery of loan written off	-	20,039,981
1.5 Other Incomes	330,135,124	313,502,202
2. Cash Payment	3,419,811,676	3,226,015,633
2.1 Interest Expenses	1,564,730,163	1,773,842,303
2.2 Staff Expenses	545,453,043	460,039,558
2.3 Office Operating Expenses	486,482,847	390,134,395
2.4 Income Tax Paid	667,399,705	470,804,911
2.5 Other Expenses	155,745,918	131,194,466
Cash Flow before changes in Working Capital	1,486,079,238	1,386,131,021
(Increase) /Decrease of Current Assets	(17,279,404,445)	3,513,647,895
1. (Increase)/Decrease in Money at Call and Short Notice	-	-
2. (Increase)/Decrease in short term Investment	(10,049,831,409)	8,430,226,561
3. (Increase)/Decrease in Loans, Advances and Bills Purchase	(7,071,111,102)	(4,757,613,705)
4. (Increase)/Decrease in Other Assets	(158,461,934)	(158,964,961)
Increase /(Decrease) of Current Liabilities	17,952,357,594	(2,852,965,084)
1. Increase/(Decrease) in Deposits	13,585,094,334	(2,864,771,652)
2. Increase/(Decrease) in Certificates of Deposits	-	-
3. Increase/(Decrease) in Short Term Borrowings	4,184,700,000	-
4. Increase/(Decrease) in Other Liabilities	182,563,260	11,806,568
(b) Cash Flow from Investment Activities	(102,122,519)	(134,320,729)
1. (Increase)/Decrease in Long-Term Investment	-	-
2. (Increase)/Decrease in Fixed Assets	(106,114,061)	(138,966,110)
3. Interest income from Long Term Investment	-	-
4. Dividend Income	3,991,542	4,645,381
5. Others	-	-
(c) Cash Flow from Financing Activities	(110,512,132)	(134,262,019)
1. Increase/(Decrease) in Long Term Borrowings (Bonds, Debentures etc)	-	-
2. Increase/(Decrease) in Share Capital & Share Premium	-	88,136,345
3. Increase/(Decrease) in Other Liabilities (Dividend Paid)	(110,512,132)	(222,398,364)
4. Increase/(Decrease) in Facilities / Refinance received from NRB	-	-
(d) Income/Expenses from change in exchange rate in Cash & bank balances	7,673,796	2,545,328
(e) This Year's Cash Flow from All Activities	1,954,071,532	1,780,776,412
(f) Opening Balance of Cash and Bank Balances	8,435,747,532	6,654,971,120
(g) Closing Balance of Cash and Bank Balances	10,389,819,064	8,435,747,532

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PRINCIPAL ACCOUNTING POLICIES AND NOTES TO THE CONSOLIDATED ACCOUNTS

FINANCIAL YEAR FROM 1 SHRAWAN 2072 TO 31 ASHAD 2073 (17 JULY 2015 TO 15 JULY 2016)

1. GENERAL INFORMATION

- a. Nepal SBI Bank Limited (NSBL)** is a limited liability public listed company domiciled in Nepal. The registered office of the “Bank” is situated at Kesharmahal, Kathmandu, Nepal. It is a Joint Venture of State Bank of India, incorporated in India, which holds 55.09% shares in the Bank.

The Bank carries out commercial banking activities and other financial services in Nepal under the license from Nepal Rastra Bank (NRB, The Central Bank of Nepal) as “Ka” Class licensed institution.

b. Consolidated Financial Statement

The Consolidated Financial Statement of the Bank includes the Financial Statement of its wholly owned Subsidiary Nepal SBI Merchant Banking Ltd. (NSMBL) Both the Bank and its Subsidiary have adopted same fiscal year for preparation of the financial statements.

c. Statement of Compliance

The Financial Statements have been prepared as prescribed in Directives issued by the Rastra Bank and Banks & Financial Institutions Act 2063.

d. Basis of Consolidation of Financial Statements

The consolidated financial statements have been prepared by adding same heads in the financial statements of the Bank and the Subsidiary. The assets, liabilities, income and expenses created by inter-company transactions have been excluded while preparing consolidated financial statements.

2. RELATED PARTY DISCLOSURE

- a. At the end of FY 2072/73, NSMBL has Rs. 100,203,436.25 in call deposit account maintained with NSBL. During the year, the NSBL has paid Rs. 420,765.03 as interest in the call deposit account to NSMBL.
- b. NSBL has received Rs. 47,452, which has been booked under other operating income, from NSMBL as rent for space provided to NSMBL and as board meeting allowance of the Directors from NSBL in Board of NSMBL.
- c. The Bank has deputed two staffs to NSMBL as Managing Director (CEO) and CFO.
- d. All the transactions between NSBL and NSMBL have been conducted at Arms Length Basis.



NSBL D-MAT ACCOUNT

एनएसबिएल डि-म्याट खाता



BE A SMART INVESTOR
HOLD YOUR SHARE CERTIFICATE
IN D-MAT FORM.

*Open D-MAT Account with
Nepal SBI Bank Ltd.*

Features*:

- Opening of D-mat account in the name of security holders (Individual/ Company).
- Dematerialization and Re-materialization of securities.
- Electronic record of securities in Beneficial Owner (BO) accounts.
- Settlement of trade by transferring/receiving the securities from/into BO accounts.
- Quick electronic credit of securities allotted by issuers during IPOs, FPOs, Rights, etc.
- Timely deposit of stock dividends (such as: bonus, right shares, etc.).
- Simplified securities pledge.
- Up to date statement of D-mat account to the Beneficial Owner.

*Conditions Apply



नेपाल एसबिआई बैंक लिमिटेड
NEPAL SBI BANK LTD.

With Us, You are Always a Winner
Kathmandu Head Office: 4435516
www.nepalsbi.com.np

For more detail, please contact Nepal SBI Bank, Keshar Mahal, Kathmandu at Ph: 01-4412743 or at any of nearest branches of NSBL.

DETAILS OF THE SUBSIDIARY COMPANY

**NEPAL SBI MERCHANT BANKING LIMITED
(NSMBL)**

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors of Nepal SBI Merchant Banking Limited (NSMBL) have pleasure in presenting this Annual Report together with the audited statement of financial position and statement of profit or loss & other comprehensive income as of/for the year ended on 31st Ashad 2073 (16.07.2016).

NSMBL; A BRIEF ACCOUNT:

Nepal SBI Merchant Banking Limited was incorporated under the Companies Act, 2063 with the Office of the Company Registrar with Reg. No. 148059/72/073 on 19th April, 2016. It is a wholly owned subsidiary of Nepal SBI Bank Limited with paid-up capital of Rs.10.00 crore. Objectives of the Company among others are to provide qualitative and reliable services of different types as a Securities Business Person, to organize required activities to promote reliability of the investors towards Capital Markets, to coordinate with Nepal Securities Board for development and expansion of related services in New and the existing Capital Markets and providing quality service by obtaining approval wherever necessary, to provide facilities relevant to Capital Markets in rural and urban sectors by properly mobilizing available skill, labour and capital, and to assist by actively participating for the overall development of capital markets of the Country by providing necessary financial resources, technical and managerial consultancy services, training and technology for the purpose etc.

WORLD ECONOMY:

The baseline projection for global growth in 2016 is a modest 3.2 percent, broadly in line with last year,

and a 0.2 percentage point downward revision relative to the January 2016 World Economic Outlook (WEO) Update. The recovery is projected to strengthen in 2017 and beyond, driven primarily by emerging market and developing economies, as conditions in stressed economies start gradually to normalize. But uncertainty has increased, and risks of weaker growth scenarios are becoming more tangible. The global recovery has weakened further amid increasing financial turbulence. Activity softened toward the end of 2015 in advanced economies, and stresses in several large emerging market economies showed no signs of abating. Adding to these headwinds are concerns about the global impact of the unwinding of prior excesses in China's economy as it transitions to a more balanced growth path after a decade of strong credit and investment growth, along with signs of distress in other large emerging markets, including from falling commodity prices. With heightened risk aversion and increasing concerns about the lack of policy space, the valuation of risky assets as well as oil prices dropped sharply in early 2016. However, market sentiment began to improve in mid-February, and by the end of March market valuations had recovered most of or all the ground lost earlier in the year. While growth in emerging market and developing economies still accounts for the lion's share of projected world growth in 2016, prospects across countries remain uneven and generally weaker than over the past two decades. In particular, a number of large emerging markets—including Brazil and Russia—are still mired in deep recessions. Others, including several oil-exporting countries, also face a difficult macroeconomic environment with sharply weaker terms of trade and tighter external financial conditions.

Growth in China and India has been broadly in line with projections, but trade growth has slowed down noticeably. The trade slowdown is related to the decline in investment growth across emerging market economies, which reflects rebalancing in China but also the sharp scaling down of investment in commodity exporters, particularly those facing difficult macroeconomic conditions.

Growth in advanced economies is projected to remain modest, in line with 2015 outcomes. Unfavorable demographic trends, low productivity growth, and legacies from the global financial crisis continue to hamper a more robust pickup in activity. While very accommodative monetary policy and lower oil prices will support domestic demand, still-weak external demand, further exchange rate appreciation—especially in the United States—and somewhat tighter financial conditions will weigh on the recovery. In the euro area, the risk of a deanchoring of inflation expectations is a concern amid large debt overhangs in several countries.

The projected pickup in growth in 2017 (3.5 percent) and over the rest of the forecast horizon hinges crucially on rising growth in emerging market and developing economies, as growth in advanced economies is expected to remain modest, in line with weakened potential growth. This outcome relies on a number of important assumptions: • A gradual normalization of conditions in several economies currently under stress • A successful rebalancing of China's economy with trend growth rates that—while lower than those of the past two decades—remain high • A pickup in activity in commodity exporters, albeit at rates more modest than in the past • Resilient growth in other emerging market and developing economies In the current environment, the likelihood that this central scenario will materialize has weakened, as risks of weaker growth have become more salient. • Across advanced economies, activity slowed during the second part of 2015, and asset price declines

and widening spreads have tightened financial conditions. If sustained, these developments could further weaken growth, with risks of a stagnation scenario with persistent negative output gaps and excessively low inflation.

ECONOMIC ENVIRONMENT IN NEPAL

The real GDP at basic price is expected to grow 0.8 percent in 2015/16 compared to a growth of 2.3 percent in the previous year according to the Central Bureau of Statistics. Similarly, the real GDP at producers' price is expected to grow 0.6 percent compared to a growth of 2.7 percent in the previous year. Delay in monsoon, prolonged strikes and obstructions in southern border points adversely affected the economy resulting in a lower growth in the review year.

In the review year, the agriculture sector is expected to grow 1.3 percent whereas the non-agriculture sector is expected to expand 0.6 percent. These sectors had grown 0.8 percent and 3.1 percent respectively in the previous year.

In the review year, the industrial sector is estimated to shrink 6.3 percent as against a growth of 1.5 percent in the previous year. A fall in demand of industrial goods resulting from the earthquake of 2015, energy shortage, and disturbances in supply of fuel and raw materials adversely affected the output of the industrial sector. In the review year, the service sector is estimated to grow 2.7 percent compared to a growth of 3.6 percent in the previous year. In 2015/16, the foreign direct investment commitment witnessed a decline of 77.5 percent along with the decline in number of such projects by 7.3 points.

The annual average consumer price inflation increased 9.9 percent in 2015/16 compared to 7.2 percent in the previous year. This is mainly due



to strikes in Terai region, obstructions at border points and supply disturbances.

The y-o-y consumer price inflation stood at 10.4 percent in mid-July 2016 compared to that of 7.6 percent a year ago.

THE INDUSTRY CLIMATE:

In mid July 2016, the number of commercial banks stood at 28, development banks at 67, finance companies at 42 and microfinance development banks at 42. However, financial access has widened along with the expansion of the branch network. The total number of BFIs' branches increased to 4,272 in mid-July 2016 from 3,838 a year ago.

Deposits at banks and financial institutions (BFIs) increased 19.4 percent in the review year compared to an increase of 20.1 percent in the previous year. Deposits at commercial banks and development banks increased 20.7 percent and 16.5 percent respectively, while that of finance companies decreased 12 percent in the review year. In the previous year, the deposits at commercial banks and development banks had increased 21.4 percent and 15.2 percent respectively, while that of finance companies had decreased 0.6 percent. The merger and acquisition drive in the review year resulted in a contraction in finance companies' deposit.

As per the Capital Augmentation Directives of Nepal Rastra Bank, Bank's and Financial Institutions have been floating shares in the market in form of further public offering, rights issue and bonus issue which has created scope for Merchant bankers to increase the size of their of business.

CAPITAL MARKET:

Total amount of shares approved by securities Board of Nepal (SEBON), an apex regulator of

Securities Markets in Nepal, for primary issuance to public on the FY 2015/16 was of Rs. 18,998.62 Million out of Rs. 19,514.50 Million approved for registered securities including ordinary shares, right shares, mutual fund and debentures which was 31.61% increase in total amount compared to the previous fiscal year. Out of total approvals for public issues, Rs. 19,514.50 million got approval for initial & further public offering (IPO & FPO) of Rs 9,594.25 Million.

37 Companies got approval from SEBON to issue right shares amounting to Rs.9,404.38 million showing increment of 307.47% in amount compared to the previous year. This indicates that the activities in primary market have been increased significantly during the FY.

The number of listed companies in FY 2071/72 was 232. This has increased to 235 in mid of September 2016.

With the promulgation of the Constitution in the year 2073, the downfall trend of secondary market since last few years has revived during the fiscal year 2072/73. The indicators of secondary market like NEPSE Index, annual turnover, turnover to market capitalization and average price per share traded have been increased in the review period.

The NEPSE index increased to 1,718.2 points in mid-July 2016 from 961.2 points in the corresponding period of the previous year. The rally in the NEPSE index was on account of introduction of the capital hike policy for financial institutions, dematerialized transactions from mid-January 2016 and rise in investors' confidence due to improved political situation.

The total turnover of the securities traded rose 151 percent to Rs. 163.96 billion in 2015/16. The increased liquidity of stocks due to the

dematerialized transactions as well as the bullish trend of the NEPSE index was the primary reason for such upsurge in turnover.

REVIEW OF THE FY 2072/73(2015-16)

Since it was the first year of inception, the Company's activities were primarily confined to establishment of Company along with registration and applying with regulators for obtainment of license to carry out merchant banking business. The brief progress of the Company during the year is as under:

S.N.	Particulars	FY 2072/73 (Amount in Rs.)
1.	Share Capital	10,00,00,000
2.	Reserve and Funds	1,10,249
3.	Other liabilities	2,96,784
4.	Total Assets and Liabilities	10,07,03,816
5.	Fixed Assets Net	1,39,158
6.	Cash and Bank Balance	10,02,04,009
7.	Investment	-
8.	Other Assets	63,865
9.	Total Assets	10,04,07,032
10.	Total Income	4,20,765
11.	Total Expenditure	2,62,780
12.	Operating Income	1,46,998
13.	Provision	-
14.	Provision for income tax	36,750
15.	Net Profit/(loss)	1,10,249
16.	No. of Shares	10,00,000
17.	Income per Shares	0.11
18.	Net worth (Book Value)	100.11

CHANGES IN THE BOARD OF DIRECTORS

First meeting of NSMBL held on 24th April 2016 constituted the Board of Directors of NSMBL selecting Mr. Anukool Bhatnagar as Chairman, Mr. V. K. Tyagi as Director and Mr. Ramesh Ghimire as Managing Director and Chief Executive Officer of NSMBL who is deputed to NSMBL by NSBL.

Further, to meet the regulatory requirement contained under Rule 13 of the "Securities Businessperson (Merchant Banker) Regulations, 2008" the Board in its 3rd meeting held on 1st August 2016 reconstituted the Board of NSMBL selecting Mr. V. K. Tyagi as the Chairman of the Board.

After the repatriation of former Dy. CEO and COO, NSBL and Chairman NSMBL Mr. V. K. Tyagi to R & S, IBG, India Mr. Priya Ranjan has been inducted in the Board of NSMBL. The Board also selected Mr. Priya Ranjan as a Chairman of the Board.

On behalf of the Board of Directors, we place on record our appreciation for the Contribution made by Shri V. K. Tyagi in guiding the affairs of the Bank.

STATUTORY AUDITORS

M/S RPB & Associates, Chartered Accountants, conducted the statutory audit of the Company for the FY 2072-73 as appointed by the 1st Meeting of the Board of NSMBL and is eligible for continuance. Accordingly, in absence of the Audit Committee the Board has recommended to the AGM for continuance of R.P.B. & Associates, Chartered Accountants as Statutory Auditors of the Bank for the year 2073-74.

FURTHER INFORMATION AND DISCLOSURES

All the statutory requirements on disclosure of information—including under Section 109(4) of the Companies Act, 2063 has been enclosed as annexure. Financial Statements including Balance Sheet, Profit and Loss Account and Cash Flow Statement followed by the schedules prepared as prepared according to Nepal Accounting Standard and other relevant laws and notes to accounts thereto can be found subsequently.



PATH AHEAD

The Company is expected to get the Merchant Banker license from SEBON during the year to commence Merchant banking business. Once the license is obtained, the Company will immediately start Registrar to Shares (RTS), Issue Management, DP Services, Debenture trustee services. Further the Company will start various merchant/investment banking services to the customers. The Company will start online IPO application to the applicants subject to regulatory norms.

- Similarly, our objective will be to expanding the customer base at the same time by maintaining strong customer relationship. Digitized merchant banking services and innovative tools will be adopted in order enhance the efficiency and to provide international standard customer service. Further, the Company is expected to initiate the following Future Programs/Services:
- Portfolio management including mutual funds
- Corporate restructuring services
- Financial advisory services
- Project management
- Fund raising & issue management including issuance and management of mutual funds
- Money market operation
- Leasing services
- All other activities pertaining of merchant banking as permitted under the prevailing laws of the land. Any other agency services like Handling of government permit/licensing for industrial projects etc.

OUR STRATEGIES FOR THE CURRENT YEAR (2073-74);

During the year our strategies will be focused on developing technology based products to satisfy the need of the customers while leveraging income

generation activities such as Issue Management. As the Banking regulators as well as insurance market regulator has proposed to raise minimum paid-up capital requirement of the Insurance and Banking, our strategies will be focused on managing the issue of these Companies. Further, the Company will focus on introducing industry based products and services by domestication of internationally recognized products. The Company may have necessary tieup or collaboration with SBI Group Companies in technical fronts.

PROGRESS REPORT FOR THE CURRENT YEAR

One and half month of the current year has just been completed. The Company has started income generation activities from the funds available to it.

ACKNOWLEDGEMENT

The Board of Directors is grateful to the regulators, esteemed shareholders and the public at large for their patronage shown to the Company for its incorporation as well as establishment. The Board of Directors also expresses its sincere thanks to the Government of Nepal, Office of the Company Registrar (OCR), Securities Board of Nepal (SEBON) and other regulatory bodies for their valuable support and guidance throughout the year.

The Board of Directors also places on record its appreciation of the commitment, sense of involvement and dedication exhibited by the personnel/employees deputed to the NSMBL while discharging their concurrent function.

For and on behalf of the Board of Directors

Mr. Priya Ranjan

Chairperson

Kathmandu

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF NEPAL SBI MERCHANT BANKING LTD.**

We have audited the accompanying financial statement of **Nepal SBI Merchant Banking Ltd.**, which comprises the Statement of Financial Position as at 31st Ashadh 2073 (corresponding to 15th July 2016), and the Statement of Profit or Loss and Other Comprehensive Income, Statement of changes in Equity and Cash Flow for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Nepal Accounting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate Accounting Policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility


Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Nepal Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amount and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessment, we considered internal controls relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31st Ashadh 2073 (15th July 2016), of its financial performance and cash flows for the year then ended in accordance with Nepal Accounting Standards and is in compliance with prevailing laws so far as applicable.

Place: Kathmandu
Date: September 29, 2016


CA. Abhaya Poudel
Partner
R P B & Associates,
Chartered Accountants



ADDITIONAL INFORMATION REQUIRED TO BE FURNISHED AS PER SECTION 109 (4) OF THE COMPANIES ACT, 2063

- (i) **Industrial or professional relations of the company:** The Company has cordial and professional relationship with regulators and stakeholders. The company has always attuned high priority to the compliance of related laws and directives issued by the regulators from time to time.
- (ii) **Major things affecting the transactions;** Any changes in the legal provision relating to Securities laws basically Merchant Banking regulation, tax laws may affect the transaction of the Company.
- (iii) **If there are any remarks in the audit report, the comments of the board of directors on such remarks;** No such comment.
- (iv) **Amount recommended for payment by way of dividend;** None
- (v) **In the event of forfeiture of shares, details regarding the number of forfeited shares, face value of such shares, total amount received by the company for such shares prior to the forfeiture thereof, proceeds of sale of such shares after the forfeiture thereof, and refund of amount, if any, made for such forfeited shares;** No shares have been forfeited by the Company during the fiscal year 2072/73
- (vi) **Major transactions completed by the company and its subsidiary company in the financial year and any material changes taken place in the transactions of the company during that period;** Since the Company is yet to obtain the license from SEBON to carry out merchant Banking activities, the Company has carried out transaction that are permitted to carry as per the prevailing laws.
- (vii) **Disclosures made by the substantial shareholders of the company to the company in the previous financial year;** The information provided by the promoter shareholder Nepal SBI Bank Ltd. have been maintained by the company
- (viii) **Details of shareholding taken by the directors and officers of the company in the previous financial year and, in the event of their involvement in share transaction of the company, details of information received by the company from them in that respect;**
NSMBL is wholly owned shareholder of NSMBL and the directors of the company have been nominated by NSBL and the directors have no shareholding and involvement of trading thereon.
- (i) **Details of disclosures made about the personal interest of any director and his/her close relative in any agreements related with the company during the previous financial year;** No information was received from any Director or any of his/her close relatives about his/her personal interest in any agreement connected with the Company signed during the financial year 2072/73.
- (ii) **In the event that the company has bought its own shares (buy-back), the reasons for such buy-**

back, number and face value of such shares, and amount paid by the company for such buy-back;
The Company has not so far purchased any of its own shares.

(iii) **Whether there is an internal control system in place or not; and details of such system, if it is in place;** System is being developed including constitution of various committees with the formulation of Financial Administration Byelaws, Investment Byelaws as well as other policies.

(iv) Details of total management expenses during the previous financial year;

S. N.	Particulars	Amount in Rupees
1	Staff Expenses	-
2	Other Operating Expenses	152,580.00

(v) **Name-list of the members of audit committee, remuneration, allowances and facilities received by them, details of the functions performed by that committee, and details of suggestions, if any, made by that committee;** The Company has not yet been constituted.

(vi) **Amount, if any, outstanding and payable to the company by any director, managing director, chief executive, substantial shareholder or his/her close relative or by any firm company, corporate body in which he/she is involved;** Nil

(vii) **Amount of remuneration, allowances and faculties paid to the director, managing director, chief executive and officer;**

1. Allowances/facilities to the Members of the Board:

A total of Rs. 36,000.00 was paid to the Board members as Board Meeting fee during 2072/73 {@ Rs.10,000.00 per meeting for the Chairman and @ Rs. 8,000.00 per meeting for other Directors}. During the FY 2072/73, two Board meetings have been conducted.

2. Managing Director & Other Office Bearers:

- Managing Director: No remuneration was paid to the Managing Director. Managing Director appointed has been assuming his concurrent charge as the Company Secretary and Head Law & Shares of the Nepal SBI Bank Ltd. and salary and allowance to him is paid by NSBL.
- Other Office Bearers: Nil.

(viii) **Amount of dividends remaining unclaimed by the shareholders;** None

(ix) **Details of sale and purchase of properties pursuant to Section 141;** None

(x) **Details of transactions carried on between the associated companies pursuant to Section 175-**
None



(xi) Other required information:

- a) Amount of penalty paid by the Directors, office bearers and shareholder as per section 81 of the Companies Act, 2063: Nil
- b) Information in regard to close relative of the Directors or office Bearers working at the office (office of the company Registrar), securities Board of Nepal or any other regulators in an officer or above level as required under section 45 of the Company Directives: Nil

Place: Kathmandu

**Mr. Priya Ranjan
Chairman**

NEPAL SBI MERCHANT BANKING LTD.
HATTISHAR, KATHMANDU

STATEMENT OF FINANCIAL POSITION
As on 31 Ashadh 2073 (15 July 2016)

Particulars	Schedule	31.03.2073
Assets		
Non-Current Assets		
Property Plant & Equipment	1	139,158
Deferred Tax Asset		-
Investments		-
Total Non Current Assets		139,158
Current Assets		
Inventory		-
Advance, Receivable and Other assets	2	63,865
Short Term Investments		-
Cash & Cash Equivalents	3	100,204,009
Total Current Assets		100,267,874
Total Assets		100,407,032
Equity & Liabilities		
Share Capital	4	100,000,000
Reserve & Surplus	5	110,249
Total Equity		100,110,249
Non Current Liabilities		-
Current Liabilities & Provision		-
Trade & Other Payable	6	296,784
Total current liabilities & Provision		296,784
Total Equity and Liabilities		100,407,032

Schedule 1 to 6 form integral part of the statement of Financial Position.

As per our report of even date

Puspa Sharma
Chief Financial Officer

Ramesh Ghimire
Managing Director/CEO

Abhaya Poudel, CA
For and on behalf of
R.P.B. & Associates
Chartered Accountants

Anukool Bhatnagar
Director



NEPAL SBI MERCHANT BANKING LTD.
HATTISHAR, KATHMANDU

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the period from 07 Bhaishakh 2073 to 31 Ashadh 2073 (19 April 2016 to 15 July 2016)

Particulars	Schedule	FY 2072-73
Income:		
Fees Income		-
Interest Income		420,765
Total Income		420,765
Direct Expenses		-
Administrative Expenses	7	262,780
Total Expenses		262,780
Income Before Depreciation & Taxes		157,985
Depreciation	1	10,987
Provision for Investment Written Back		-
Income before Staff Bonus & Taxes		146,998
Staff Bonus		-
Income/(Loss) Before Tax		146,998
Current Taxes		36,750
Deferred Tax (Income)/Expenses		
Net Income/(Loss) For the Year		110,249
Other Comprehensive Income:		
Changes in revaluation surplus		
Remeasurement of defined benefit plans		
Gains and losses on financial assets measured at fair value through other comprehensive income		
Other comprehensive income for the year		-
Total Comprehensive Income for the Year		110,249
Earning Per Share (Basic)		0.11

Schedule 1 & 7 form integral part of the Profit or Loss & Comprehensive Income Statement.

As per our report of even date

Puspa Sharma
Chief Financial Officer

Ramesh Ghimire
Managing Director/CEO

Abhaya Poudel, CA
For and on behalf of
R.P.B. & Associates
Chartered Accountants

Anukool Bhatnagar
Director

**NEPAL SBI MERCHANT BANKING LTD.
HATTISHAR, KATHMANDU**

SCHEDULES TO AND FORMING PART OF FINANCIAL STATEMENTS AS OF 15 JULY 2016

Schedules 8:

Significant Accounting Policies

1. Corporate Information

Nepal SBI Merchant Banking Limited is a limited liability Company, incorporated on 2073.01.07 (2016.04.19) and domiciled in Nepal. It is wholly owned subsidiary company of Nepal SBI Bank Ltd.

2. Approval of Financial Statements by the Board of Directors

The Financial statements as of Ashadh end 2073 (15 July 2016) was approved for issuance by the Board of Directors on 26.9.2016

3. Responsibility for Financial Statements

The management of Nepal SBI Merchant Banking Limited is responsible for preparation of financial statements. The management and Board of the Directors acknowledges the accountability of the financial statements prepared as set out in the "Annual Report of the Board of the Directors".

These Financial Statements include the following components:

- The Balance Sheet disclosing the Information on Financial Position of Nepal SBI Merchant Banking Limited;
- An Income Statement disclosing the financial performance of Nepal SBI Merchant Banking Limited for the period under review;
- A Statement of Changes in Equity showing all changes in equity of Nepal SBI Merchant Banking Limited;
- A Cash Flow Statement disclosing the Information on the ability of Nepal SBI Merchant Banking Limited to generate Cash

and Cash Equivalents; and

- Notes to the Financial Statements comprising a summary of principal accounting policies and other relevant explanatory notes.

4. Statement of Compliance

The Financial Statements which comprises components mentioned above have been prepared in accordance with Nepal Accounting Standards(NAS) pronounced by the Institute of Chartered Accountants of Nepal and in Compliance with Companies Act, 2007 and other relevant Acts.

5. Basis of Preparation

The Financial Statements are presented in Nepalese Rupees(NRs) and are prepared on Historical Cost Basis. Preparation of Financial Statements are in conformity with Nepal Accounting Standards(NAS) and Generally Accepted Accounting Principles.

6. Summary of Principle Accounting Policies

The principle accounting policies adopted by the company are presented below.

• Interest income

Interest earning on call deposit is recognised on accrual basis.

• Expenses Recognition

Expenses are recognized on Accrual Basis. Employee cost relating to deputed staffs has not been booked in the Profit or Loss and Other Comprehensive income statement of the

company because all staffs deputed from the Parent company are assuming their concurrent charge at Shares Department of the Parent company.

- **Staff Bonus**

All staffs currently working for NSMBL are deputed from the Parent company and they performing their concurrent charge at Share department of NSBL/Parent Company. Core activities of merchant banking has not been carried at present and new staff has not been separately recruited by the company. Under this circumstances, company has not made any bonus provision for this fiscal year. Further, Provision of the Staff Bonus is not applicable as the total number of the employees in the Company is less than 10.

- **Fixed Assets and Depreciation**

Depreciation is charged to Profit or Loss and Other Comprehensive Income Statement on Written Down Value Method over the estimated useful life of the fixed assets. Depreciation has been calculated as per the provision of Income Tax Act 2058 and Rules.

- **Income Taxes**

Provision for current tax is made based on the provision of Income Tax Act. 2058 and amendments thereto. Deferred tax assets/ liability has not arisen as there is no timing differences between tax base and account base.

Schedule 9:

Notes to Accounts

- The issued and paid up capital of Nepal SBI Merchant Banking Limited is NRs. 100 Million which is wholly owned by the Nepal SBI Bank Ltd.
- Deferred tax assets/ liability has not arisen in this fiscal year, as there is no timing differences between taxbase and account income.
- Related Parties Disclosures
 - Nepal SBI Merchant Banking Limited has the following related parties:

S.N	Name	Relationship
1	Nepal SBI Bank Limited	Holding Company

The Company has entered into the following transactions with related parties during F.Y 2072/73:

SN	Related Party	Transactions	Amount
1	Nepal SBI Bank Limited	Balance in Call/ Current Account	Closing Balance NRs100,203,436.25
2	Nepal SBI Bank Limited	Interest Income on Call Deposit.	NRs. 420,765.03
3	Nepal SBI Bank Limited	Rent reimbursement for using office space.	NRs. 5,000 per month.
4	Nepal SBI Bank Limited	Meeting Allowances payable.(net of TDS)	NRs. 30,600.

b. Key Management Personnel

Key Management Personnel of Nepal SBI Merchant Banking Limited includes;

Mr. Ramesh Ghimire	Managing Director/CEO
Mr. Puspa Sharma	Chief Financial Officer

**NEPAL SBI MERCHANT BANKING LTD.
HATTISHAR, KATHMANDU**

STATEMENT OF CASH FLOWS

For the period from 07 Bhaishakh 2073 to 31 Ashadh 2073 (19 April 2016 to 15 July 2016)

Particulars	31.03.2073
Cash flow from Operating Activities	
Net Income for the year	110,249
Adjustments	
Income Tax expense recognized in profit or loss	36,750
Depreciation	10,987
Movements in Working Capital	
Add/ (Less): Increase / (Decrease) in Current Liabilities	260,034
Add/ (Less): (Increase) / Decrease in Other Assets	(63,865)
Income Taxes Paid	-
Total Adjustments	243,905
Net Cash flow from Operating Activities (A)	354,154
Cash from Investing Activities	
Acquisition of property, plant and equipment	(150,145)
Net Cash flow from Investing Activities (B)	(150,145)
Cash from Financing Activities	
Issue of Share Capital	100,000,000
Net Cash flow from Financing Activities (C)	100,000,000
Net Increase in Cash (A+B+C)	100,204,009
Cash at the beginning of the Year	-
Cash and Bank balance at the End of the Year	100,204,009

Puspa Sharma
Chief Financial Officer

Ramesh Ghimire
Managing Director/CEO

Abhaya Poudel, CA
For and on behalf of
R.P.B. & Associates
Chartered Accountants

Anukool Bhatnagar
Director



**NEPAL SBI MERCHANT BANKING LTD.
HATTISHAR, KATHMANDU**

STATEMENT OF CHANGES IN EQUITY

For the period from 07 Bhaishakh 2073 to 31 Ashadh 2073 (19 April 2016 to 15 July 2016)

Particulars	Share Capital	Share Premium	Revaluation Reserve	Translation Reserve	Accumulated Profit	Total Amount
Balance as of April 19 2016	-	-	-	-	-	-
Changes in accounting Policy	-	-	-	-	-	-
Restated Balance	-	-	-	-	-	-
Net Profit/(Loss) for the year	-	-	-	-	110,249	110,249
Issue of Share Capital	100,000,000	-	-	-	-	100,000,000
Proposed Dividend	-	-	-	-	-	-
Balance as on 31, Ashadh 2073 (15 July 2016)	100,000,000.00	-	-	-	110,249	100,110,249

Puspa Sharma
Chief Financial Officer

Ramesh Ghimire
Managing Director/CEO

Abhaya Poudel, CA
For and on behalf of
R.P.B. & Associates
Chartered Accountants

Anukool Bhatnagar
Director

NEPAL SBI MERCHANT BANKING LTD.
HATTISHAR, KATHMANDU

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS
Fiscal Year 2072/73 (2015/16)

Advance, Receivable & Other assets	Schedule-2
Particulars	FY 2072-73
Advance Tax	63,115
Other assets	750
Total Amount	63,865
Cash & Cash Equivalent	Schedule-3
Particulars	FY 2072-73
Cash in Hand	573
Cash at Bank	100,203,436
Total Amount	100,204,009
Share Capital	Schedule-4
Particulars	FY 2072-73
Authorized Capital	
1000000 equity shares of Rs. 100 each	100,000,000
Issued Capital	
1000000 equity shares of Rs. 100 each	100,000,000
Paid Up Capital	
1000000 equity shares of Rs. 100 each	100,000,000
Total Amount	100,000,000
Reserve & Surplus	Schedule-5
Particulars	FY 2072-73
Profit & (Loss)	110,249
Total Amount	110,249

Trade & Other Payables	Schedule-6
Particulars	FY 2072-73
AFE. Home Decoration Pvt.Ltd.	53,788
Ram Khadka	11,987
Manoj Kumar Chaudhary	7,225
TDS Payable	8,420
Provision for telephone expenses	1,700
Manoj Kumar Shrestha	2,250
Audit Fee Payable	44,600
Provision for tax	36,750
Nepal SBI Bank Ltd.	86,672
Digit-All Pvt Ltd.	43,392
Total Amount	296,784

Administrative Expenses	Schedule-7
Particulars	FY 2072-73
Outsource Driver Service charge	26,812
Legal expenses	38,500
Outsourcing Massanger Service Charge	30,661
Repiar & Maintenance	200
Canteen Expenses	2,250
Pre Incorporation expenses	40,000
SEBON Application Charge	25,000
Rates & Taxes	1,500
Audit Fee	45,200
Meeting Allowance	36,000
Rent	11,452
Telephone expenses	3,200
Printing & Stationery expenses	1,000
Miscellaneous expenses	1,005
Total Amount	262,780

NEPAL SBI MERCHANT BANKING LTD. PROPERTY PLANT & EQUIPMENT

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

As on 31 Ashadh 2073 (15July 2016)

Schedule-1

Particulars	Assets						This Year Rs.	Previous Year Rs.
	Building	Vehicles	Computers	Office Furnitures	Office Equipment	Other assets		
Rate of Depreciation				25%	25%			
1. Cost Price.								
a. Opening Balance	-	-	-	-	-	-	-	-
b. Addition during the year	-	-	-	53,788	50,592	45,765	150,145	-
c. Sales/Disposal	-	-	-	-	-	-	-	-
d. Revaluation/written back this year	-	-	-	-	-	-	-	-
e. Written off during the year	-	-	-	-	-	-	-	-
Total Cost (a+b+c+d+e)	-	-	-	53,788	50,592	45,765	150,145	-
2. Depreciation								
a. Up to Previous Year	-	-	-	-	-	-	-	-
b. For this year	-	-	-	4,482	4,216	2,288	10,987	-
c. Depreciation on revaluation/written back	-	-	-	-	-	-	-	-
d. Depreciation on Assets sold/written off	-	-	-	-	-	-	-	-
Total Depreciation	-	-	-	4,482	4,216	2,288	10,987	-
3. Carrying Value (WDV) (1-2)	-	-	-	49,306	46,376	43,477	139,158	-

Nepal SBI Bank Limited 165



NOTES:

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NSBL Payment Gateway facilitates Remittances between Nepal & India!



Features*:

- Fastest money transfer system (Trade/ Non Trade) through the banking channel.
- Instant banking services based on reliable funds transfer system.
- Direct credit to SBI beneficiaries in India.
- Fund can be transferred to all NEFT enabled branches in India.
- Transaction is settled on real time basis, guided by the settlement batch of RBI (in case of banks outside SBI Group).
- Convenient and Hassle Free.



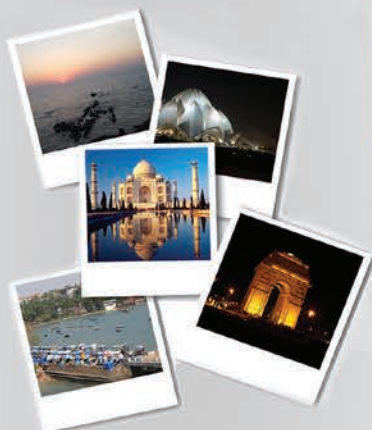
नेपाल एसबिआई बैंक लिमिटेड
NEPAL SBI BANK LTD.

With Us, You are Always a Winner
Kathmandu Head Office: 4435516
www.nepalsbi.com.np

*Conditions apply.

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Other Banking Services:

CREDIT FACILITY ON EASY TERMS

- Housing Loan
- Vehicle Loan
- Personal Loan
- Business Loan
- Loan to Professionals etc.

VARIOUS DEPOSIT SCHEMES

- Karmachari Bachat Khata
- Saral Bachat Khata
- Varistha Nagarik Bachat Khata
- Vishesh Bachat
- Fixed Deposits

OTHER SERVICES

- Mobile Banking / Wallet Services
- ATM cum Debit Card
- Bharat Yatra Card
- Vishwa Yatra Card
- Internet Banking Service
- IRCTC Ticket Booking Facility etc.



नेपाल एसबिआई बैंक लिमिटेड
NEPAL SBI BANK LTD.
With Us, You are Always a Winner!